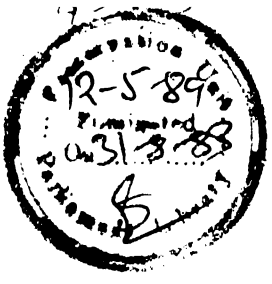

PARLIAMENTARY DEBATES

(Part I—Questions and Answers)

OFFICIAL REPORT

VOLUME IX, 1951

(7th August to 21st September, 1951)

Fourth Session

of the

PARLIAMENT OF INDIA

1951

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CORRIGENDA

In the Parliamentary Debates (Part 1—Questions and Answers) Fourth Session of Parliament,—1951,

In Volume IX,—

1. No. 7, dated the 16th August, 1951,—

कालम ३३०, पंक्ति १०, "क्या माननीत कृपा" के स्थान पर "क्या माननीय मंत्री जी कृपा" पढ़ें ।

2. No. 8, dated the 17th August, 1951,—

(i) Col. 376, line 14 from bottom *for* "and" *read* "any".

(ii) Col. 380, *delete* the existing line 13 and between lines 15 and 16 *insert* new line "subject. The Central Tractor Organisation".

(iii) Col. 381, *for* the existing line 18 from bottom *substitute* the new line "ture (Shri K. M. Munshi): (a) It is".

3. No. 12, dated the 22nd August, 1951,—

کالم ۵۳۰، آخیر سے سطر ۱۴ ,, آخر ,, کی بجائے ,, آفر ,, پڑھیں ۔

4. No. 13, dated the 23rd August, 1951,—

(i) कालम ६०२, पंक्ति १८ "निपति" के स्थान पर "नियति" पढ़ें ।

(ii) Col. 612 *for* the existing line 4 from bottom *read* "July-December, 1951—January-June".

5. No. 16, dated the 28th August, 1951,—

(i) Col. 723, line 12 for the figures "-14,86" *read* " 14,86".

(ii) Col. 727, line 8 *for* the figures "88,87" *read* "88,872".

6. No. 19, dated the 31st August, 1951,—

कालम ८५०, पंक्ति ४ "मंशी" के स्थान पर "मन्त्री" और नीचे से पंक्ति १७ "और के खिलाफ़" के स्थान पर "और उस के खिलाफ़" पढ़ें ।

7. No. 20, dated the 3rd September, 1951,—

कालम ८९१ नीचे से पंक्ति ४, "उपया" के स्थान पर " रुपया" पढ़ें

8. No. 22, dated the 5th September, 1951,—,

Col. 1014, line 15 *for* the figures "36,00,000" *read* "35,00,000".

9. No. 24, dated the 7th September, 1951,—

(i) Col. 1115, line 8 *for* the words "Laid on the Table" *read* "House".

(ii) Col. 1116, line 25 from bottom *for* "word" *read* "work".

(iii) Col. 1119, transpose the existing lines 7 and 15.

10. No. 29, dated the 15th September, 1951,—

(i) Col. 1327 from bottom line 6 *for* "Teteorotogical" *read* "Meteorological"., and line 7 *for* "in 3 : 2" *read* "is 3·03".

(ii) Col. 1336, line 2 from bottom *for* "convering" *read* "covering".

(iii) Col. 1343, line 7 from bottom *for* "by" *read* "to".

11. No. 30, dated the 17th September, 1951,—

Col. 1400, line 11 from bottom *for* "RECON-" *read* "Re. CON-".

12. No. 31, dated the 18th September, 1951,—

Col. 1434, line 15 *for* "miles" *read* "mills".

13. No. 32, dated the 19th September, 1951,—

(i) Col. 1505, between existing lines 23 and 24 from bottom *insert* new line "being found with money is not".

(ii) Col. 1510, line 13 from bottom *for* "July, 1951" *read* "1st July, 1951".

The Speaker

The Honourable Shri G. V. Mavalankar.

The Deputy-Speaker

Shri M. Ananthasayanam Ayyangar.

Panel of Chairmen

Pandit Thakur Das Bhargava.

Shrimati G. Durgabai.

Shri Prabhu Dayal Himatsingka.

Sardar Hukam Singh.

Shri Manilal Chaturbhai Shah.

Secretary

Shri M. N. Kaul, Barrister-at-Law.

Assistants of the Secretary

Shri A. J. M. Atkinson.

Shri. N. C. Nandi.

Shri D. N. Majumdar.

Shri C. V. Narayana Rao.

GOVERNMENT OF INDIA

Members of the Cabinet

Prime Minister and Minister of External Affairs—The Honourable Shri Jawaharlal Nehru.

Minister of Education—The Honourable Maulana Abul Kalam Azad.

Minister of Home Affairs—The Honourable Shri C. Rajagopalachari.

Minister of Defence—The Honourable Sardar Baldev Singh.

Minister of Labour—The Honourable Shri Jagjivan Ram.

Minister of Health—The Honourable Rajkumari Amrit Kaur.

Minister of Law—The Honourable Dr. B. R. Ambedkar.

Minister of Works, Production and Supply—The Honourable Shri N. V. Gadgil.

Minister of States, Transport and Railways—The Honourable Shri N. Gopalaswami Ayyangar.

Minister of Commerce and Industry —The Honourable Shri Hare Krushna Mahtab.

Minister of Food and Agriculture—The Honourable Shri K. M. Munshi.

Minister of Natural Resources and Scientific Research—The Honourable Shri Sri Prakasa.

Minister of Finance—The Honourable Shri Chintaman Dwarkanath Deshmukh.

Ministers not in the Cabinet

Minister for the purposes of agreement between the Prime Ministers of India and Pakistan of the 8th April, 1950—The Honourable Shri C. C. Biswas.

Minister of State for Transport and Railways —The Honourable Shri K. Santhanam.

Minister of State for Information and Broadcasting—The Honourable Shri R. R. Diwakar

Minister of State for Parliamentary Affairs—The Honourable Shri Satyanarayan Sinha.

Minister of State for Rehabilitation—The Honourable Shri Ajit Prasad Jain.

Minister of State for Finance—The Honourable Shri Mahabir Tyagi.

Deputy Minister of External Affairs—Dr. B. V. Keskar.

Deputy Minister of Commerce and Industry—Shri Dattatraya Parashuram Karmarkar.

Deputy Minister of Defence—Major General Himatsinhji.

Deputy Minister of Works, Production and Supply—Shri S. N. Buragohain.

Deputy Minister of Food and Agriculture—Shri M. Thiramala Rao.

Deputy Minister of Communications—Shri Raj Bahadur.

GIPD—US—235-PSD—18-12-52—450.

THE

PARLIAMENTARY DEBATES

(Part I—Questions and Answers)

OFFICIAL REPORT

PARLIAMENT OF INDIA

Friday, 7th September, 1951

The House met at Half Past Eight of the Clock.

[MR. DEPUTY-SPEAKER *in the Chair*]

ORAL ANSWERS TO QUESTIONS

SUPPLY OF RICE FROM BURMA

*862. **Shri Sidhva:** Will the Minister of Finance be pleased to state:

(a) whether at any stage negotiations took place between the Government of India and Government of Burma to supply rice against the debt due to the Government of India from Burma;

(b) if not, was any effort made in the last transaction of rice supplied to India for payment against the amount due to India; and

(c) if not, what steps the Government propose to take to recover the debt from Burma?

The Minister of Finance (Shri C. D. Deshmukh): (a) and (b). No, Sir.

(c) This matter is under constant review and will be taken up with the Government of Burma at the appropriate time.

Shri Sidhva: May I know what is the appropriate time? May I know whether there is any written agreement for the payment of this amount, and if so, within what period, and what are the instalments?

Shri C. D. Deshmukh: There is an old agreement which dates from before the War. The appropriate time is when Burma is in a better position to repay.

Shri Sidhva: May I know whether any amount has been recovered so far?

Shri C. D. Deshmukh: I believe the first two or three instalments were paid; I am not quite sure. But, payment has been suspended from April 1942 when the country was overrun by the Japanese.

Shri Sidhva: May I know whether it is an inference that Burma is not in a position to pay or whether they have officially informed the Government that they are not in a position to pay?

Shri C. D. Deshmukh: We wrote to the Burma Government some years ago.

An Hon. Member: Yes.

Shri C. D. Deshmukh: ...to send representative to discuss the outstanding points relating to the separation debt, adjustments arising out of the subsequent separation of the currencies, resumption of payment, etc. But, no one has been sent so far and we infer that they are too preoccupied with their current troubles.

Shri Sondhi: Will it be possible to realise anything by way of interest? If not the principal, at least some interest may be realised. For the last ten years we have not recovered a single penny.

Shri C. D. Deshmukh: The interest also is outstanding.

Shri Sidhva: May I know what is the amount due?

Shri C. D. Deshmukh: The principal is 48;15 crores which together with the interest and some other items such as pensionary liability now aggregates to about 65 crores.

Shri Sondhi: When was the last letter from the Government sent to the Burma Government in this connection?

Shri C. D. Deshmukh: For that, I shall require notice.

Shri Sidhva: Is there any time limit in the agreement whereby if it is not renewed within a certain period, it may become null and void?

Shri C. D. Deshmukh: It is not usual to have a provision of this kind in international agreements.

Shri Sondhi: Are we to take it that no letter was sent during the regime of our present Finance Minister?

Shri C. D. Deshmukh: That is right.

Shri R. Velayudhan: What about the new loan which India has given last year? May I know whether there is any agreement about its repayment?

Shri C. D. Deshmukh: The last loan proved unnecessary.

Shri A. C. Guha: May I know if the hon. Minister means to say that the Burma Government is not even paying the pensions and other payments which are due to the staff that have come out from Burma?

Shri C. D. Deshmukh: No; we are paying pensions. It is consolidated by way of a debt liability and included in the debt due from Burma. That is not being paid.

Shri A. C. Guha: That is never to be recovered and we are adding more by way of payment of pensions?

Shri C. D. Deshmukh: The word 'never' does not apply either to the pensionary liability or to the other debt.

Shri Kamath: Or to human affairs in general.

Shri Sidhva: The answer to part (b) of the question was in the negative. May I know whether the Government of India asked the Burma Government to debit this amount against the loan? Was any effort made by the Government?

Shri C. D. Deshmukh: No effort has been made because it was realised that it is not practical politics. There is a world shortage of rice and if we make any such suggestion we will just stop getting rice.

Shri Sidhva: Efforts should have been made.

Mr Deputy-Speaker: Next question.

URANIUM IN RAJASTHAN

***863. Shri Sidhva:** Will the Minister of **Natural Resources and Scientific Research** be pleased to state:

(a) whether Uranium has been discovered by the Directorate of Mines, in Rajasthan; if so, whether the samples have been analysed and what is the result; and

(b) what are the minerals that are likely to be discovered from this area and what steps have been taken to find out as to what extent on commercial basis these minerals are available?

The Minister of Natural Resources and Scientific Research (Shri Sri Prakasa): (a) So far as the Government of India knows, the answer is in the negative.

(b) It is not possible to say what minerals, apart from those already known, are likely to be discovered in the future. No report can be given regarding the commercial basis of any minerals unless they are first found and then the necessary examination of them made.

Shri Sidhva: May I know whether the hon. Minister has made any efforts to enquire from the Rajasthan Government whether in the Aravalli hills, 20 miles from Jaipur, the Atomic Energy Commission has actually analysed this mineral? Has he made any enquiry? Is there any truth in that report?

Shri Sri Prakasa: The fact is that some private parties feel that they have discovered something and they have applied to the Rajasthan Government for facilities for the mining of these things. The whole matter is under examination of the Government both of the Centre and of Rajasthan. I might, however, add here, that, as the hon. Member will certainly appreciate, it is not possible for me to give much information about these matters on the floor of the House.

Shri Sidhva: That is all right; I appreciate that. I only wanted to know whether samples were sent to the Atomatic Energy Commission. If the hon. Minister is not prepared to answer, I will drop it.

Shri Sri Prakasa: I believe the hon. Member is correct when he thinks that some samples have been sent. They are still under investigation.

LOCAL FINANCE COMMITTEE REPORT

***864. Shri Sidhva:** Will the Minister of **Health** be pleased to refer to my

starred question No. 4961 dated 6th June, 1951 and state:

(a) what is the intention of Government regarding the recommendations contained in the report of the Local Finance Enquiry Committee; and

(b) whether the Government of India will give any direction as regards these recommendations to the State Governments and if not, how the recommendations of this Committee will be given effect to?

The Minister of Health and Communications (Rajkumari Amrit Kaur): (a) and (b). As already stated in reply to the earlier question of the hon. Member, the recommendations contained in the report of the Local Finance Enquiry Committee are primarily for the State Governments to consider and the question of the Government of India issuing any instructions to the State Governments, therefore, does not arise. As regards recommendations which concern the Government of India, they are still under consideration.

Shri Sidhva: May I know whether the hon. Minister has received any reply from the State Governments to whom this report has been sent, as to what they intend to do in this matter?

Rajkumari Amrit Kaur: I have received replies from the following States: Madras, Punjab, Bihar, Coorg, Bhopal and Delhi that the recommendations are under consideration. Ajmer has said that they propose to refer the recommendations to the Union of their Local bodies. Bilaspur has also referred the question to their Gaon committees and their Rural panchayats. They have suggested to them gradual adoption. Himachal Pradesh has considered the recommendations and recommended those that they think worthy of implementation to their Local bodies and have asked their views.

Shri Sidhva: What about the recommendations which relate to the Central Government, Railways, Communications and other Ministries? Have any steps been taken and if so, what are the results so far?

Rajkumari Amrit Kaur: Yes. The three main recommendations which concern the Government of India have been under consideration for some time. Our Ministry has been in consultation with the Ministries of Finance, Works, Production and Supply, and Railways and some tentative decisions have been taken. They will be put up to the Government as soon as possible.

Shri Sidhva: Will the hon. Minister enlighten the House as to what these tentative decisions are?

Rajkumari Amrit Kaur: The hon. Member will realise that that is not possible. This matter has to be put up to Government for consideration and therefore nothing can be said at this stage.

Mr. Deputy-Speaker: Next question.

Annual Report by U.P.S.C.

***865. Shri Kamath:** Will the Minister of **Home Affairs** be pleased to state:

(a) whether the Union Public Service Commission has submitted its first annual report to the President in accordance with the provisions of the Constitution; and

(b) if so, when a copy thereof will be laid on the table of the House?

The Minister of Home Affairs (Shri Rajagopalachari): (a) and (b). The first report of the Union Public Service Commission may relate to a period from 26th January 1950 when it was constituted upto 31st March 1951 so as to be related to the financial year. The report is expected to be received shortly and will be laid before the House soon after.

Shri Kamath: Am I to understand, Sir, that the President has not even received the report from the Commission so far, though it is now over five months since March 31st?

Shri Rajagopalachari: The report is expected very shortly and on receipt of the report Government will have to prepare a memorandum in respect of the cases where the advice of the Commission was not accepted and the reasons for non-acceptance. This will take a little time, and then it will be before the House. It is expected to be here during the current session.

Compensation for War Damages in Assam

***866. Shri Kamath:** Will the Minister of **Defence** be pleased to state:

(a) the damage wrought to life and property in Assam and Manipur during the last war, and particularly in the period before the liberation of parts thereof by the I.N.A. under Netaji Subhas Chandra Bose, and during the

period following British reoccupation; and

(b) whether any compensation *in lieu* thereof has since been paid to the Assam Government or people from the British Exchequer?

The Deputy Minister of Defence (Major-General Himatsinhji): (a) As regards damage to life, in Assam 196 persons were killed and 576 injured and in Manipur it is believed about 1500 persons were killed and 248 injured. It is not possible to make a reasonably intelligent estimate of the damage suffered by property in these areas. The damage was undoubtedly considerable. In any case, to give separate figures in respect of the damages caused during the period before the occupation of parts of Assam and Manipur by the I.N.A. and the period thereafter, would be quite impracticable.

(b) No, Sir.

Shri Kamath: Did the hon. Minister say that parts of Assam and Manipur were occupied or liberated by the I.N.A.? Was it occupation or liberation by the I.N.A.?

Major-General Himatsinhji: Sir, it is only a question of words. I used the word "occupation."

Shri Kamath: Does the hon. Minister think that particular period was a period of occupation by the I.N.A. or liberation from British rule? What exactly was it?

The Prime Minister (Shri Jawaharlal Nehru): Obviously the hon. Member has raised a question that will take us far back. It was occupation, the nature of which may be discussed later.

Shri Kamath: May I know then whether the action of the British in coming back to Assam after the brief period was re-occupation or liberation?

Shri Jawaharlal Nehru: The whole period that the British were in India was a period of occupation and if they went back to Assam, they reoccupied a territory which had gone out of their occupation for some time.

Shri Kamath: Then how did the I.N.A. and the British both occupy the territory?

Mr. Deputy-Speaker: I am afraid the hon. Member is entering into arguments. He can put questions and elicit information, and not enter into arguments.

Shri Kamath: Very well, Sir. During the last session, I believe the Home Minister gave certain figures as regards the compensation paid to some people in Assam—maybe the Nagas or some others. Was that compensation in respect of war damage sustained by those people or for some other reason?

Major-General Himatsinhji: It was paid as part of compensation for war damage.

Shri Kamath: But just now in answer to part (b) of the question the hon. Minister has stated that the reply is in the negative, that is to say, no compensation was paid.

Major-General Himatsinhji: Yes, that is to say, the British Government has paid nothing.

Shri Kamath: Was this compensation then not paid out of the British exchequer?

Major-General Himatsinhji: No, Sir, it was paid from the Indian exchequer.

Shri Kamath: Was it paid by the British before they quitted India?

Shri Jawaharlal Nehru: It was paid by the present Government, out of the Indian treasury.

Shri Kamath: Was any part of it borne by the British exchequer at all, for the damage suffered by these people during the war?

Shri Jawaharlal Nehru: I am not quite sure whether anything was done in earlier stages. But in the last year or two all the money paid as compensation has been out of the Indian exchequer. And in addition to what was done earlier, during the last two or three months a further sum of Rs. 30 lakhs was paid as compensation out of the Indian exchequer.

Major-General Himatsinhji: Before this sum of Rs. 30 lakhs was paid, under the last regime relief to the extent of Rs. 25 lakhs was given by the Assam Relief Measures organisation operating under the administrative control of the late Department of Commonwealth; this amount was paid from the Indian treasury.

Shri Kamath: Is it a fact that after the unfortunate retreat of the I.N.A. and the reoccupation of the areas by the British, the properties of a number of Assamese and Manipuris were confiscated by the British authorities, and if so, may I know whether these properties were restored to them by the Government after 1946 or 1947?

Major-General Himatsinhji: As far as we know, the properties were restored and a compensation of

about Rs. 5 crores was claimed against which a sum of over Rs. 2 crores was paid.

Shri R. K. Chaudhuri: May I know whether the Government had received any reparation from Japan, for the damage done to Manipur?

Major-General Himatsinhji: As has already been stated clearly and definitely, no reparation is being claimed from Japan.

Hospitals in Delhi

*867. **Shri Kesava Rao:** (a) Will the Minister of **Health** be pleased to state the number of hospitals in Delhi and New Delhi?

(b) What is the average number of patients attending the hospitals daily?

(c) Is it a fact that these hospitals fall short of the citizens' needs?

(d) What are the Government's development proposals in this direction?

The Minister of Health and Communications (Rajkumari Amrit Kaur): (a) The number of hospitals in Delhi and New Delhi is 16.

(b) There are 1,751 Indoor beds in the hospitals and the average number of patients attending the hospitals daily is 3,199.

(c) Yes.

(d) A statement showing the medical development schemes of Delhi included in the Five Year Plan drawn up by the Planning Commission is placed on the Table of the House. [*See* Appendix VI, annexure No. 1.]

Shri Kesava Rao: May I know how many out of these 16 hospitals in Delhi, are maternity hospitals?

Rajkumari Amrit Kaur: Well, the Lady Hardinge Medical College is open to maternity cases, so also the Victoria Zanana Hospital. And there are provisions for women in the Safderjung Hospital as well as in the Irwin Hospital. They are not entirely maternity hospitals, but maternity cases are attended to. In addition, the municipal committees have their maternity and child welfare centres also.

Shri Kesava Rao: Is it a fact that several patients who are admitted as in-patients are being sent out of the hospital before they are properly cured, for want of accommodation?

Rajkumari Amrit Kaur: I don't think that they are sent out before being properly cured; but often because of lack of room they are perhaps sent out a little earlier than we would like to send them, because otherwise urgent cases do not get admission.

Sardar B. S. Man: Has this practice on the part of certain doctors come to the notice of Government of not admitting many patients into the hospitals so as to force them to go to the doctors' private clinic?

Rajkumari Amrit Kaur: I have not had any complaint to that effect.

Dr. Deshmukh: Could the hon. Minister tell us the number of doctors in charge of the out-door patients department and those in charge of the other departments?

Rajkumari Amrit Kaur: I would require notice; there are so many hospitals.

Shri Sondhi: Is it a fact that the doctor in charge of the Willingdon Hospital is earning Rs. 3,000 to Rs. 4,000 a month as private income over and above his four-figure salary?

Rajkumari Amrit Kaur: I do not see how this question arises out of the main question.

Mr. Deputy-Speaker: Is it the suggestion that he should not be allowed to carry on private practice?

Shri Sondhi: Sir, in the discussion on the Economy Committee's report we were given to understand that private practice would not be allowed. It is now three years and nothing seems to have been done, in spite of the letters that we have been sending. Incomes of Rs. 2,000, 3,000 and 4,000 a month are being earned because families of Government servants are being treated in this hospital.

Rajkumari Amrit Kaur: The doctor does not exceed what is allowed to him under his conditions of service.

Shri Sondhi: But he is the highest paid man to-day in Delhi.

Sardar B. S. Man: Is there any information with the Government as to how many doctors in their employ are running their private clinics, apart from mere consultation?

Mr. Deputy-Speaker: That is going away to some other question. It is not quite relevant to this.

خواجہ عنایت اللہ : کیا حکومت بتا سکتی ہے کہ کتنے غریب جگہ نہ ہونے کی وجہ سے ان اسپتالوں میں داخل نہیں کئے جاتے ہیں ؟

[**Khwaja Inait Ullah:** Can the Government state the number of poor

people who do not get admission in these hospitals for want of beds?]

राजकुमारी अमृतकौर: इन की संख्या देना तो मेरे लिये नामुमकिन है । लेकिन जहां तक हो सकता है हम ग़रीबों की सेवा करते हैं । मैं ने आप को नम्बर दिया है कि अस्पतालों में कितने पलंग हैं । लेकिन उस से भी ज्यादा लोग बरामदों वग़ैरह में रखे जाते हैं ।

[**Rajkumari Amrit Kaur:** It is impossible for me to give the exact number in this connection. But we try to serve the poor people as far as we can. I have given you the number of beds in the hospitals, but an even larger number of patients are accommodated in the verandahs etc.]

خواجہ عنایت اللہ : کیا حکومت کو معلوم ہے کہ خاص کر ڈلیوری کے کیسیز صرف روپیہ نہ ہونے کی وجہ سے ان اسپتالوں میں داخل نہیں ہو سکتے ہیں -

[**Khwaja Inait Ullah:** Does the Government know that delivery cases in particular are not admitted in these hospitals only because they are not in a position to pay?]

राजकुमारी अमृतकौर: मेरे लिये यह कहना बिल्कुल नामुमकिन है कि कितने ऐसे केसेज़ हैं । लेकिन जहां तक हो सकता है हम ऐसी औरतों को अस्पतालों में लेते ह ।

[**Rajkumari Amrit Kaur:** It is quite impossible for me to give the number of such cases. But we admit these cases in the hospitals as far as possible.]

خواجہ عنایت اللہ : کیا حکومت ایسے کیسیز کی جانچ کرنے کی کوئی کوشش کریگی کہ جس سے کوئی ایسا راستہ نکلے کہ ان اسپتالوں سے غریبوں کو دھکے نہ ملیں ؟

[**Khwaja Inait Ullah:** Would the Government try to make enquiries into these cases, so that a way would be found out and the poor people would not be refused admission in these hospitals?]

राजकुमारी अमृतकौर: रास्ता एक ही है कि मेरे पास कुछ रुपया हो कि जिस से मैं और अस्पताल बना सकूं ।

[**Rajkumari Amrit Kaur:** There is only one way and that is that I should have more money to build more hospitals.]

خواجہ عنایت اللہ : بہت سے ممبر ایسا کر سکتے ہیں کہ یہاں پر رپورٹ دیں کہ غریبوں کو وہاں کتنی تکلیف ہوتی ہے اور اسپتالوں میں ان کو کتنے دھکے ملتے ہیں -

[**Khwaja Inait Ullah:** Many Members can submit their reports as to how the poor people suffer in these hospitals and what cold treatment they receive at their hands.]

राजकुमारी अमृतकौर: मेरे पास कमेटी है ।

[**Rajkumari Amrit Kaur:** There is already a Committee for this purpose.]

Mr. Deputy-Speaker: It does not mean that the hon. Member can take possession of the House. It is for the Chair to call the questioner.

Shri Barrow: Is it not a fact that in spite of the large number of indoor patients the number of nurses has not been appreciably increased?

Rajkumari Amrit Kaur: Yes. The nursing branch is understaffed but there again it is a question of finance.

श्री द्विवेदी: क्या मैं पूछ सकता हूं कि जिस प्रकार से शिक्षा मन्त्री महोदय ने कैम्प कालेजेज़ और कैम्प स्कूल्स खोले हैं इसी तरह से क्या हैल्थ मिनिस्ट्री ने भी कोई कैम्प अस्पताल खोले हैं या ऐसे अस्पताल खोले जा रहे हैं ?

[**Shri Dwivedi:** May I know whether the Ministry of Health has opened or contemplates to open any camp hospitals for the patients in the same manner in which the Minister of Education has opened camp schools and camp colleges for the students?]

राजकुमारी अमृतकौर: दो मोबाइल डिसपेंसरीज़ हैं जो गांवों को रोज़ जाती हैं ताकि गांव के लोगों को देहली आने की जरूरत न हो

[**Rajkumari Amrit Kaur:** There are two mobile dispensaries at present which make daily visits to villages so that the villagers may not feel the necessity of coming over to Delhi for treatment.]

श्री द्विवेदी: मेरा मतलब दिल्ली से है क्यों कि दिल्ली में आबादी ज्यादा

बढ़ गयी है, यहां पर पेशेंटस् भी बहुत बढ़ गये हैं और यहां उनका इलाज कम हो पाता है । इसलिये मैं जानना चाहता हूं कि क्या कैम्प अस्पताल दिल्ली में खोले जा रहे हैं ?

[**Shri Dwivedi:** I mean about Delhi because the population of Delhi has increased tremendously. The number of patients as well has increased and they receive little medical attention from the existing hospitals. So I want to know whether any camp hospitals are being opened in Delhi?]

राजकुमारी अमृतकौर : सिवाय रिफ्यूजीज कालोनीज के और कहीं कोई कैम्प अस्पताल नहीं है । आंखों के लिये कैम्प अस्पताल है और एक छोटा अस्पताल नजदीक एक गांव में भी है ।

[**Rajkumari Amrit Kaur:** There are no camp hospitals except in the refugee colonies. There is one camp hospital for eye treatment and there is also a small hospital in a nearby village.]

Shri Kesava Rao: Out of these 16 hospitals in how many are medicines given free of charge to the poor people?

Rajkumari Amrit Kaur: All hospitals give medicines free of charge to the poor.

Shri R. Velayudhan: May I know whether an economy cut of about Rs. 3 lakhs was made on the Irwin Hospital recently?

Mr. Deputy-Speaker: The question relates to the number of beds and as regards economy it is always a matter that should be kept in view. Next question.

STUDENTS ABROAD

*868. **Shri Kesava Rao:** (a) Will the Minister of **Finance** be pleased to state the number of students sent for higher studies to foreign countries during the years 1950-51 and the first half of 1951-52 under the various schemes?

(b) What are the subjects in which they are being trained?

The Minister of Finance (Shri C. D. Deshmukh): (a) The number of students who have been sent abroad for studies or technical training during 1950-51 under the various schemes is 276. The number for the first half of 1951-52 is 255. Not all of these have proceeded abroad for 1951-52, as detailed arrangements for training in some cases have yet to be completed.

(b) A statement showing the subjects for which the students have been sent abroad for training is laid on the Table of the House. [*See* Appendix VI, annexure No. 2.]

Shri Kesava Rao: What is the number of students who had been sent abroad and have returned since after completing their training?

Shri C. D. Deshmukh: I require notice.

श्री द्विवेदी : मैं यह जानना चाहता हूं कि जो विद्यार्थी बाहर शिक्षा के लिये भेजे जाते हैं उन को भेजने के लिये क्या सेंट्रली एडमिनिस्टर्ड एरियाज के लिये सीट रिजर्व की जाती हैं, और अगर की जाती हैं तो क्या स्टेटवाइज की जाती हैं या समूचे सेंट्रली एडमिनिस्टर्ड एरियाज के लिये की जाती हैं ?

[**Shri Dwivedi:** I would like to know whether any seats are reserved for the students from the Centrally Administered Areas among those who are sent for higher studies to foreign countries? If so, is it done State-wise or for all the Centrally Administered Areas taken together?]

श्री सी० डी० देशमुख : सीट्स रिजर्व तो नहीं की जातीं, लेकिन हर स्टेट से सिफ़ारिशें बुलाई जाती हैं ।

[**Shri C. D. Deshmukh:** Seats are not reserved but recommendations are invited from every State.]

Sardar B. S. Man: Before sending students abroad do Government assure themselves that they will be absorbed on their return to India? Have certain facts come to the notice of the Government that many such students have not been absorbed?

Shri C. D. Deshmukh: It may have happened in the past but most of the trainees now sent are either government employees or persons selected by private industry.

Dr. Deshmukh: What is the estimate of expenditure both by the Government of India and others for these trainees who have been sent abroad in 1950-51? Is there any portion of the expenditure which is contributed by any other agency such as other governments or the U. N.?

Shri C. D. Deshmukh: The general arrangements are that, as they are government employees their pay is paid by the employing Government, either State or Centre, and that the rest of the expenditure is borne by

the outside authority, which arranges for the training.

श्री शिवचरण लाल: क्या श्री मंत्री महोदय बतलाने की कृपा करेंगे कि इस वर्ष जर्मनी के लिये ४० या ५० विद्यार्थियों को टैकनिकल शिक्षा के लिये बुलाया गया था ? यदि हां, तो कितने भेजे गये ?

[**Shri Shiv Charan Lal**: Will the hon. Minister be pleased to state whether it is a fact that forty or fifty students were invited to Germany to receive technical education there this year? If so, how many students have been sent there?]

श्री सी० डी० देशमुख: इस का तो इल्म मुझे नहीं है, मैं दरियाफ्त करके बता सकता हूं ।

[**Shri C. D. Deshmukh**: I have no information about it. I can give this information after making an enquiry.]

Shri Sondhi: The question relates to the Education Minister.

Dr. Deshmukh: What is the actual amount spent by the Government of India during 1950-51 out of Government treasury?

Shri C. D. Deshmukh: I cannot give an accurate answer to this. As I said the pay of all these trainees is borne by the Governments concerned, either the Centre or the States, while the trainees are receiving their education abroad. Nothing more than that. As regards outside expenditure I believe I had mentioned a figure somewhere round 2 million from the United Nations and other smaller sums from the various other organisations. There are about 8 or 9 organisations and it is not easy to give an aggregate total.

I.N.A. Officers and Soldiers who went to Pakistan

***869. Dr. M. V. Gangadhara Siva**: Will the Minister of **Defence** be pleased to state how many I.N.A. Officers and soldiers have gone to Pakistan, and how many of them are employed in India?

The Deputy Minister of Defence (Major-General Himatsinhji): A statement is placed on the Table of the House. [*See* Appendix VI, annexure No. 2A.]

Dr. M. V. Gangadhara Siva: In view of the clenched fist and the virulent war propaganda in Pakistan against India, I want to know from the Government whether they propose to enlist all I.N.A. officers and men into the regular armed forces of India: and if not, why not?

Mr. Deputy-Speaker: Presumably the Member wants to know why in view of Pakistan's anti-Indian war propaganda and the symbol of clenched fist I.N.A. men are not taken into the defence forces of the country.

The Prime Minister (Shri Jawaharlal Nehru): Because it has no relevance.

Shri Kamath: Is the Deputy Minister in a position to confirm or deny the charge that has been brought by Mr. Alan Campbell-Johnson in his forthcoming book "Mission with Mountbatten" that the marauding tribesmen who raided Kashmir in 1947 were led by some of the I.N.A. officers in Pakistan?

Shri Jawaharlal Nehru: With all respect to the hon. Member, I don't know how the Deputy Minister is called upon to confirm or to deny some things that have appeared in a book recently published in England. But apart from that book, it is a fairly well-known fact that some I.N.A. officers played an important part in those operations on the part of Pakistan in Kashmir.

Shri Kamath: As officers of the regular Pakistan Army or separately?

Shri Jawaharlal Nehru: Originally not in the regular Pakistan Army—but I imagine that was a fairly thin veil.

Indian Students sent Abroad

***870. Dr. M. V. Gangadhara Siva**: (a) Will the Minister of **Education** be pleased to state how many students have been sent abroad with Government assistance and how many have been permitted to go on their own for educational purposes during the calendar years 1949 and 1950?

(b) What is the number of persons who have proceeded for educational purposes to Great Britain, U.S.A., and other countries?

(c) What is the number from each of the Parts 'B' and 'C' States?

(d) In the case of those who have gone to U.S.A., what is the total amount of dollar exchange permitted for those who have gone for educational purposes?

(e) Who decides on the relative priority of students applying for going abroad and on what principles?

منسٹر آف ایجوکیشن (مولانا آزاد): [(اے) سے (ڈی) تک)] ایک اسٹیٹمنٹ ہاؤس کی ٹیبل پر رکھدیا گیا -

[See Appendix VI, annexure No. 3.]

(ای) جو ویدیارتھی گورنمنٹ کی طرف سے بھیجے جاتے ہیں ان کا سلیکشن ایک بورڈ کرتا ہے جسے اسی کام کے لئے بٹھایا جاتا ہے - جو ویدیارتھی اپنے طور پر جاتے ہیں ان کے لئے آگے پیچھے بھیجنے کا کوئی سوال پیدا نہیں ہوتا - گورنمنٹ ان کے لئے جو آسانیاں پیدا کر سکتی ہے کر دیتی ہے - جہاں تک ایکسچینج کا تعلق ہے اس کا بلدوبست کرنا ریزو بینک کے ہاتھ میں ہے - ویدیارتھی اس کے پاس درخواست بھیجتے ہیں - وہ اپنے ٹھہرائے ہوئے قاعدہ کے مطابق انتظام کر دیتا ہے -

[**The Minister of Education (Maulana Azad)**: (a) to (d). A statement is laid on the Table. [*See* Appendix VI, annexure No. 3.]

(e) In case of students going abroad with Government assistance, the selection and priority are decided by a specially constituted Selection Board. In case of students going abroad at their own expense Government do not prescribe any priorities. Exchange facilities are given by the Reserve Bank of India on application by the student subject to certain conditions.]

सेठ गोविन्द दास: इन विद्यार्थियों को भेजने के वक्त क्या इस बात का ध्यान रखा जाता है कि सिर्फ़ उन्हीं विषयों को पढ़ने के लिये विद्यार्थी भेजे जायं कि जिन विषयों की शिक्षा भारतवर्ष में नहीं दी जा सकती ?

[**Seth Govind Das**: While sending these students abroad is it kept in view that students be sent there to study only those subjects which are not taught here in India?]

مولانا آزاد - ہاں - جو سبجیکٹس چلے جاتے ہیں ان میں یہ بات سامنے رکھی جاتی ہے - لیکن جو ویدیارتھی پرائویٹ طور پر جاتے ہیں ظاہر ہے کہ ان کو گورنمنٹ اس طرح کنٹرول نہیں کر سکتی -

[**Maulana Azad**: Yes, that consideration is kept in view while selecting subjects for students. But it is apparent that the Government is not in a position to have control over students who go at their own expense.]

सेठ गोविन्द दास: जो विद्यार्थी वहां से लौट कर आ जाते हैं कम से कम उन विद्यार्थियों के बाबत कि जो गवर्नमेण्ट के द्वारा भेजे जाते हैं, उन के लौटने पर क्या गवर्नमेण्ट इस बात की कोशिश करती है कि उन्हें यहां पर उपयुक्त स्थान पर लगा दिया जाय ? और क्या गवर्नमेण्ट को यह बात मालूम है कि गवर्नमेण्ट के खर्चे पर जो विद्यार्थी भेजे गये हैं उन में से कई आवारा घूमते हैं और उन को कोई जगह नहीं मिलती ?

[**Seth Govind Das**: Do the Government try to appoint these students or at least those of them who are sent on Government expense to suitable posts after their return? And do the Government know that several students among those who are sent on Government expense do not get any suitable jobs on their return and have to roam about in search of employment?]

مولانا آزاد : آنریبل ممبر کو معلوم ہے کہ اوورسیز اسکالرشپ کی جو پرانی اسکیم چلائی گئی تھی اس میں کئی نقص رہ گئے تھے - ایک نقص یہ تھا کہ تعلیم پوری کرنے کے بعد سب کو فوراً کام پر لگا دینے کا ٹھیک انتظام نہیں کیا گیا تھا - وہ اسکیم ختم کر دی گئی - اب دو برس سے اس ٹھلگ پر کام ہو رہا ہے کہ صرف ایسے آدمی بھیجے جاتے ہیں جو تعلیم پوری کرنے کے بعد بلا تاخیر کام پر لگا دیئے جائینگے -

[**Maulana Azad**: The hon. Member knows that there have been several drawbacks in the old overseas scholarship scheme. One of the drawbacks was that there were no suitable arrangements to absorb these students immediately after the completion of

their training. That scheme has been put an end to now. For the last two years the procedure has been that only those persons are sent abroad who are absorbed in services soon after the completion of their training.]

सेठ गोविन्द दास: जो आदमी वहां से वापस आ गये हैं और जिनको पुरानी स्कीम के मुआफ़िक़ जगह नहीं मिली है उन को जगह देने के बाबत क्या गवर्नमेण्ट कुछ सोच रही है ?

[**Seth Govind Das:** What do the Government propose about the absorption of those persons, in service, who have returned from abroad after receiving training but have not got jobs under the old scheme?]

مولانا آزاد : گورنمنٹ اس کے لئے کوشش کر رہی ہے - ایک سوال کے جواب میں گورنمنٹ کی طرف سے یہ بات کہی جا چکی ہے کہ بعض شاخوں میں ۷۰ پرسینٹ - بعضوں میں ۸۰ پرسینٹ تک کام پر لگا دئے گئے ہیں - کچھ آدمیوں کا انتظام ابھی تک نہیں ہو سکا ہے - گورنمنٹ کوشش کر رہی ہے -

[**Maulana Azad:** The Government is trying for it. In reply to a question it has already been said that seventy per cent. of such persons have been absorbed in some department or the other and in some cases it is even eighty per cent. Arrangements have not been made for some as yet. Anyway the Government is trying in this direction.]

Dr. Deshmukh: May I know if dollar exchanges are made available to students going at their own cost in a liberal measure? If not, why not?

Mr. Deputy-Speaker: To every student who wants to go dollar must be given?

Dr. Deshmukh: Why not when they are going at their own cost? What does the Government lose?

Mr. Deputy-Speaker: True, but dollar exchange is not available.

The Minister of Finance (Shri C. D. Deshmukh): Provision is made in an adequate measure.

Mr. Deputy-Speaker: Next question.

Dr. M. V. Gangadhara Siva: I want to put a question, Sir.

Mr. Deputy-Speaker: I have been looking at the hon. Member to see if he would rise up: I would have given him the preference, but he did not get up. Next question.

Delhi Electricity Power Control Board

***871. Shri Raj Kanwar:** Will the Minister of **Natural Resources and Scientific Research** be pleased to state:

(a) the personnel of the Delhi State Electricity Power Control Board;

(b) the order of group priorities on the basis of which new applications for electric connection are dealt with by the Board;

(c) the total load which the existing plant is capable of generating in Delhi State;

(d) the load which has already been sanctioned to consumers of various categories;

(e) by what date enhanced load sufficient to meet the present requirements of people in (i) Delhi and (ii) New Delhi is likely to be available and what steps are being taken to ensure its early supply;

(f) the total number of applications for enhanced load now pending before the Board for consideration; and

(g) the number of meetings held by the Board during the years 1950-51 and 1951-52 (up to June 30th) and the longest interval between one meeting and another?

The Minister of Natural Resources and Scientific Research (Shri Sri Prakasa): (a) to (g). A statement giving the information asked for is placed on the Table of the House. [*See* Appendix VI, annexure No. 4.]

Shri Raj Kanwar: In spite of the fact that Delhi being the Capital and the most important City of India, and electricity being an item of the most vital importance to the economy of the country.....

Mr. Deputy-Speaker: Why all this preamble? What is the question?

Shri Raj Kanwar: May I know the reasons why Government have not been able, during a space of four years, to provide electricity to the people of Delhi even for lighting purposes?

Shri Sondhi: What is the question?

Shri Raj Kanwar: Delhi is the most important place in India..... —

Mr. Deputy-Speaker: Everybody knows that Delhi is the most important place in India and that electricity also is most important. There is lighting in Delhi. We are not able to understand the question. A very big statement has been laid on the Table, and the hon. Member would certainly have looked into it. What is the additional information that he wants?

Shri Raj Kanwar: I want to know the reason why Government have not been able during the last four years to provide electricity to the people of Delhi even for lighting purposes. That is my simple question.

Shri Sri Prakasa: As regards Delhi being the most important City and electricity the most important thing, I fear it is all a matter of opinion with which I may or may not agree. So far as the supply of electricity is concerned, the fact is that the population of Delhi has gone up by leaps and bounds and it has not been possible to meet all the demand. Every effort is made to meet it and the situation has considerably eased of late. By the end of March, 1952 we hope to meet all the present demands; and by the end of 1953, when power is available from the Bhakra-Nangal project, we shall be able to meet all possible demands of the future.

Shri Sidhva: May I know whether the surplus energy from the Faridabad power station is likely to be brought to Delhi and, if so, when?

Shri Sri Prakasa: I am not in a position to answer that question.

LOANS FROM WORLD BANK

*874. **Shri Krishnanand Rai:** Will the Minister of **Finance** be pleased to state:

(a) whether the U.S. Export-Import Bank and the International Bank for reconstruction and development (World Bank) have recently authorised any long term loan to India;

(b) if so, the amount sanctioned so far; and

(c) whether Government have finalised their plan for the investment of the above loan and, if so, in what way?

The Minister of Finance (Shri C. D. Deshmukh): (a) No. I may, however, invite the attention of the hon. Member to the recent agreement with the U.S. Government on a loan of $ 190 million for the purchase of 2 million tons of foodgrains, a copy of which I placed on the table of the House on the 22nd August, 1951, in terms of which the Export-Import Bank of Washington, as an Agency of the U.S. Government, will operate the loan as a banking authority.

(b) and (c). Do not arise

Shri Krishnanand Rai: Apart from this emergency food loan, may I know whether there is any loan from the U.S. Export-Import Bank on India coming from war-time?

Shri C. D. Deshmukh: No.

Shri S. N. Das: May I know whether the U.S. Export-Import Bank has extended any facilities to the Government of India for the purchase of cotton from America?

Shri C. D. Deshmukh: I read something in the papers the other day about extension of general facilities for the purchase of cotton, but I have not seen any specific extension of it to India.

Dr. Deshmukh: May I know what was the total amount of loan which we have taken from the World Bank for tractor imports and what portion has so far been utilised for the import of tractors?

Shri C. D. Deshmukh: There is one loan for reclamation which included the purchase of tractors, and that was of 8·5 million dollars. Whether the entire loan has been spent on tractors or whether some other implements have also been purchased, I cannot say—it is largely for tractors.

Dr. Deshmukh: How much out of this amount has been utilised so far?

Shri C. D. Deshmukh: We have drawn 4:2 million dollars from it up to date.

RUSSIAN AND CHINESE FILMS

*875. **Dr. Ram Subhag Singh:** Will the Minister of **Information and Broadcasting** be pleased to state whether Russian and Chinese films are allowed to be shown in this country?

The Minister of State for Information and Broadcasting (Shri Diwakar): Yes. Films of all countries are allowed to be shown if they are certified by the Central Board of Film Censors as suitable for unrestricted public exhibition or as suitable for public exhibition restricted to adults.

Dr. Ram Subhag Singh: May I know how many Russian and Chinese films have been allowed to be shown in this country by the Film Censor Board?

Shri Diwakar: 25 films have been submitted up to 31st July 1951.

Dr. Ram Subhag Singh: May I know whether these films are in Indian languages? What is the language used in these films?

Shri Diwakar: Some of them are in English and some of them are in Russian.

Dr. Ram Subhag Singh: May I know whether the Russian film showing the strength of the Red Army and the benignity of Marshal Stalin has in any way improved the understanding between India and Russia?

Shri Diwakar: I did not see this particular film.

Shri Brajeshwar Prasad: How many Russian and Chinese films have not been allowed by the Board of Censors up to now?

Shri Diwakar: I require notice for this question.

Shri Kamath: Has any report reached the Minister that as compared to the censorship conditions here there is very tight censorship in the Soviet bloc countries and that recently one of the finest Indian films TUKARAM was not allowed to be shown in one of Soviet bloc countries on the ground that it was 'mystic nonsense'?

Shri Diwakar: I do not think that we should base our censorship on the censorship carried on in those countries.

Dr. Ram Subhag Singh: May I know whether these Russian and Chinese films are also shown in villages through mobile projectors?

Shri Diwakar: I have no information.

Shri Kamath: Has the hon. Minister any information in his possession to show how many Indian films have been shown in Russia during his tenure of office?

Shri Diwakar: Just now I have not got the information.

Shri J. N. Hazarika: May I know whether films like "China Liberated" shown in the Chinese Embassy two months ago are also allowed to be shown to the public?

Shri Diwakar: They are not subject to this rule about censorship.

W.H.O. Aid to India

*876. **Dr. Ram Subhag Singh:** Will the Minister of Health be pleased to state whether it is a fact that the World Health Organization have given financial aid for fighting cholera and malaria in Bihar?

The Minister of Health and Communications (Rajkumari Amrit Kaur): The World Health Organisation have given financial aid for procuring emergency supplies to be furnished as a free gift for the famine affected State of Bihar and not for fighting any particular disease such as cholera or malaria.

Dr. Ram Subhag Singh: May I know whether the Government of India have requested the W.H.O. to grant aid for fighting cholera and malaria in Bihar?

Rajkumari Amrit Kaur: No. There is no cholera in Bihar so far as I know. As far as malaria is concerned, the W.H.O. has given help to India, but not in particular to Bihar.

Gold and Dollar Reserve

*877. **Dr. Ram Subhag Singh:** Will the Minister of Finance be pleased to state whether the gold and dollar reserve of this country has fallen or risen in the year 1950-51?

The Minister of Finance (Shri C. D. Deshmukh): As I explained in reply to Un-starred Question No. 128 on the 10th March, 1951, in view of her membership of the Sterling Area, India does not maintain a separate dollar reserve; all her dollar earnings are credited to the Central Reserves of gold and dollars of the Sterling Area as a whole, and all her reasonable requirements are met therefrom. As a net result of our operations on these Reserves, our surplus has increased to $ 54 million during the year July, 1950 to June, 1951 from $ 39 million during the corresponding period of 1949-50.

India has no independent gold reserves apart from the gold portion of the currency reserves which has remained unchanged at Rs. 40 crores since March, 1949.

Dr. Ram Subhag Singh: May I know the total amount of gold and dollar reserves of our country at the present time?

Shri C. D. Deshmukh: As I said, we have no separate dollar reserve.

Dr. Ram Subhag Singh: There might be something in India's name, or is there nothing like that ?

Shri A. C. Guha: May I know if there is any allocation year by year as to how much dollar India can draw?

Shri C. D. Deshmukh: We get all our reasonable requirements met from the Central Dollar Reserve.

Shri A. C. Guha: The word 'reasonable' does imply that there is some restriction on the amount India can draw.

Shri C. D. Deshmukh: The restrictions are such as are usually agreed upon among Commonwealth members of the sterling area at annual Conferences of Finance Ministers. For instance, in 1949 there was a sort of self-denying ordinance by which the expenditure was limited to 75 per cent. of the dollar expenditure in the previous year, *viz.*, 1948. Since then, no such limit has been imposed.

Olympic Association

*878. **Shri S. C. Samanta:** Will the Minister of **Education** be pleased to state:

(a) the progress of work done by Olympic Association and other allied bodies;

(b) what stands in the way to merge Girl Guides Association with the Scouts Organisation to make one compact body; and

(c) whether grants are regularly allotted to and taken by these institutions?

منسٹر آف ایجوکیشن (مولانا آزاد): (اے) اس ایسوسیشن نے اور اس کے ساتھ کے دوسرے آرگنائیشنس نے اپنے کام میں جو کچھ ترقی کی ہے وہ انہوں نے اپنی رپورٹوں میں بتلا دی ہے اور رپورٹیں چھپ گئی ہیں -

(بی) ایسا سمجھا گیا ہے کہ لڑکیوں کی ایسوسیشن کو بھارتیہ اسکاوٹ ایسوسیشن میں ملا دینے کا فیصلہ ہو چکا ہے -

(سی) ہاں -

[The Minister of Education (Maulana Azad): (a) The progress of work done by the Indian Olympic Association and the allied bodies is given in their reports.

(b) It is understood that the Girl Guides Association has now merged with the Bharat Scouts and Guides.

(c) Grants are being regularly given to the Indian Olymic Association and the Scouts Organisations in the country.]

श्री ऐस० सी० सामन्त: क्या मैं माननीय मन्त्री से पूछ सकता हूं कि मदद देने के सिवा कोई दूसरा कन्ट्रोल इन संस्थाओं पर वे रखते हैं या नहीं ?

[Shri S. C. Samanta: May I know from the hon. Minister whether or not the Government exercises any control over those organizations who are given these grants?]

مولانا آزاد: نہیں گورنمنٹ کا کوئی کنٹرول اس پر نہیں ہے -

[Maulana Azad: No. Government has no control over them.]

श्री ऐस० सी० सामन्त: क्या यह संस्था बीच बीच में अपनी रिपोर्ट भेजती है या नहीं ?

[Shri S. C. Samanta: Do these organizations submit their periodical reports or not?]

مولانا آزاد: نہیں — اس طرح کا کوئی قاعدہ نہیں رکھا گیا ہے وہ اپنے قاعدہ کے مطابق اپنی رپورٹیں بناتے ہیں اور وہ چھپتی ہیں اور شائع ہوتی ہیں -

[Maulana Azad: No. There is no such rule. They prepare their reports as a matter of procedure and they are printed and published.]

श्री ऐस० सी० सामन्त: क्या मैं यह जान सकता हूं कि सेण्ट्रल गवर्नमेण्ट सेण्ट्रल फ़िज़िकल ट्रेनिंग इंस्टीट्यूट बनाने के लिये कोई मदद देती है, कोई इंस्टीट्यूट बनाया गया है या नहीं ?

[Shri S. C. Samanta: May I know whether the Central Government is giving any assistance for the establishing of a Central Physical Training Institute, and whether any such institute has already been established or not?]

مولانا آزاد: یہ بات گورنمنٹ کے سامنے پچھلے برس آئی تھی - گورنمنٹ سمجھتی ہے کہ یہ اچھا ہوتا کہ اس طرح کا ایک انسٹیٹیوٹ جلد بنایا جا سکتا ، مگر فائنانشیل اسٹرنجنسی کی وجہ سے بہت سے کام رکے ہوئے ہیں ان میں ایک کام یہ بھی ہے -

[**Maulana Azad:** This suggestion did come up before the Government last year, and in their opinion it would be better to have such an institute, but because of the financial stringency this is one of the items on which action is deferred.]

DISCIPLINARY ACTION AGAINST GOVERNMENT EMPLOYEES

*879. **Pandit Munishwar Datt Upadhyay:** (a) Will the Minister of **Home Affairs** be pleased to state how many Government servants, permanent and temporary, have been dismissed from 15th August, 1947 to the end of June, 1951 for acts of indiscipline, inefficiency and corruption separately?

(b) Has any difficulty been felt in taking disciplinary action against defaulting Government servants and if so, what is it?

(c) Have steps been taken to minimise the difficulty?

The Minister of Home Affairs (Shri Rajagopalachari): (a) The required information is being collected and will be laid on the Table of the House in due course.

(b) and (c). Difficulty is sometimes experienced in taking speedy and effective disciplinary action either because of the adoption of dialatory tactics by the official charged or because of meticulous conformity with the prescribed procedure. Instructions to minimise delay have been issued from time to time. The rules and procedure on the subject are being reviewed at present with a view to ensure speedier disposal of disciplinary cases without prejudice to fairness of enquiry.

DISCIPLINARY ACTION AND APPEALS THEREOF

*883. **Shri S. N. Das:** Will the Minister of **Home Affairs** be pleased to state:

(a) the number of Government servants who were discharged as a result of disciplinary action taken against them but who appealed to the Union Public Service Commission and the number who were reinstated as a result of the decision of the Commission; and

(b) the number of such of them as were reinstated as a result of the judgment of the courts?

The Minister of Home Affairs (Shri Rajagopalachari): (a) and (b). The required information is being collected and will be laid on the Table of the House in due course.

Shri S. N. Das: May I know, Sir, whether there is any proposal to appoint departmental tribunals to expedite the disposal of cases regarding disciplinary action against government servants?

Shri Rajagopalachari: I understand the question to be whether there is any proposal to constitute an independent tribunal. Yes, with due considerations of economy that proposal also is under consideration.

Shri Lakshmanan: May I know, whether cases of indiscipline, inefficiency and corruption are on the increase or decrease after the attainment of freedom as compared with pre-independence days?

Shri Rajagopalachari: There is no relation between freedom and disciplinary action. Vigilance in detection is partly responsible for the rise in the figures.

Pandit Munishwar Datt Upadhyay: Will the hon. Minister be pleased to give the figures State-wise?

Shri Rajagopalachari: I said the information is being collected and will be laid on the Table of the House. Always it will be State-wise.

Shri S. N. Das: May I know whether Government's attention has been drawn to the remarks made by the Public Accounts Committee regarding disciplinary action against government servants?

Shri Rajagopalachari: Yes.

Shri Kamath: With regard to the procedure for instituting enquiries for charges of indiscipline, inefficiency and corruption, is the Home Minister in a position to state whether it is a fact that very recently the Standing Finance Committee, presided over by the Finance Minister himself, recommended or urged an enquiry by Government into the incompetence and inefficiency of a Government officer, and if so whether any action was taken on that unanimous recommendation of the Standing Finance Committee? To be concrete, the Standing Finance Committee unanimously recommended that an enquiry should be held against the Managing Director of the Government Housing Factory, but Government simply shoved aside that report.

Shri Rajagopalachari: Questions regarding a particular department should be addressed to that particular department.

Shri Shiv Charan Lal: Is it a fact, Sir, that the general tone of disci-

pline, efficiency and integrity among the Government servants has fallen down during the last four years?

Shri Rajagopalachari: I do not think so, Sir. It is my clear personal opinion that more is said than really ought to be said.

Seth Govind Das: As far as corruption is concerned, is the hon. Minister aware that it becomes difficult to prove such cases on account of elaborate rules that permits the retention of the officers concerned in service? Under these circumstances are Government contemplating to change the rules in such a way that something may be done when cases of corruption are brought before them?

Shri Rajagopalachari: I think I have dealt with it in my first answer. But I repeat that if hon. Members will give liberty to Government to deal with cases in a summary manner and follow the principle of getting rid of people as soon as there is some suspicion, it can be done. But hon. Members should also see the general effect of such a policy. It is not right to create terror among those who serve us. It is not right to create insecurity of tenure among those who serve us and the loyal and the honest people will suffer along with the dishonest and the disloyal people. All these considerations have to be taken into account in urging and pushing forward a particular policy and this is just the thing that is being carefully examined and considered.

Appeals to Courts against Dismissal from Service

***880. Pandit Munishwar Datt Upadhyay:** (a) Will the Minister of Home Affairs be pleased to state how many Government servants have gone to court of law since 15th August, 1947, after their dismissal and with what results?

(b) Is it a fact that cases of disciplinary action are generally delayed for want of time on the part of the officers to deal with them in the elaborate manner required by the rules?

The Minister of Home Affairs (Shri Rajagopalachari): (a) The required information is being collected and will be laid on the Table of the House in due course.

(b) Disposal of disciplinary cases may sometimes have been delayed for want of time on the part of enquiring officers who have to conduct departmental enquiries in addition to their normal duties. The question of setting up a whole-time agency for the conduct of disciplinary enquiries is among the subjects under consideration of Government.

Pandit Munishwar Datt Upadhyay: May I know whether the delay sometimes is on account of the negligence of the officers who make enquiries?

Shri Rajagopalachari: I have already said that those who have to conduct the enquiries do so in addition to their normal duties and we cannot impute the delay to negligence.

Pandit Munishwar Datt Upadhyay: May I know whether the hon. Minister is in possession of the amount of compensation which Government had to pay to officers who were reinstated?

Shri Rajagopalachari: According to the practice which we have been following, where a man is acquitted, so to say in a departmental enquiry, he is entitled to all the emoluments which he would have drawn if he had been in office. This is one of the many difficulties we have to face.

Shri R. K. Chaudhuri: Where a decree of a court holds that the dismissal of an officer is wrongful and compensation is awarded, do Government reinstate the officer to his service and give him compensation?

Mr. Deputy-Speaker: It is a hypothetical question.

Shri Rajagopalachari: Decrees are generally obeyed.

Shri R. K. Chaudhuri: May I know whether it is the invariable practice or some departure is made in some cases?

Shri Rajagopalachari: If a court has given a decree against Government, Government always obeys the decree of the court. I cannot go any further into the matter.

WRITTEN ANSWERS TO QUESTIONS

D.V.C.—Supply of Steel Pipes

***872. Shri Jnani Ram:** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) the quantity of iron and steel pipes that are required for the Damodar Valley Corporation Project;

(b) the places from which it is being supplied; and

(c) the quantity supplied so far?

The Minister of Natural Resources and Scientific Research (Shri Sri Prakasa): (a) to (c). The information is being collected from the Damodar Valley Corporation and will be laid on the Table of the House when available.

TRAINING OF INDIAN STUDENTS UNDER FULBRIGHT SCHEME

*873. **Shri Jnani Ram**: Will the Minister of **Education** be pleased to state:

(a) the amount spent under the Fulbright Training Scheme in the years 1950 and 1951;

(b) the number of students benefitted by it; and

(c) the number of students who got further aid from America and India?

The Minister of Education (Maulana Azad): (a) The Government of India do not share any expenses in regard to this Scheme, but according to the information available with us the U.S. Educational Foundation in India, since its inception in April/May 1950, made an actual disbursement on behalf of Indian Nationals going to America upto the 31st March 1951, of Rs. 2,91,397 though during the same period commitments on behalf of Indian nationals were made for over six lakhs;

(b) 72 Indian students and 7 Indian Professors and Research Scholars were sent to the United States of America by the Foundation during the year 1950-51; and

(c) Out of the 72 students who got travel grants under the Fulbright Agreement, 18 had full scholarships from the U.S. Government and the International Institute of Education, New York, and the rest of the Indian students, who got travel grants, received in addition partial financial assistance in dollars from universities and other non-governmental organisations in America. Four of 7 Indian Professors and Research scholars who received travel grants under this Scheme also got fellowships from U.S. Governmental and non-Governmental Agencies,—one of whom was subsequently appointed Consultant to the Library of Congress.

REHABILITATION AND LAND RECLAMATION DEPARTMENT (D.V.C.)

*881. **Shri A. C. Guha**: Will the Minister of **Natural Resources and Scientific Research** be pleased to state:

(a) the staff engaged in the rehabilitation and land reclamation department of the D.V.C.;

(b) the cost of reclaimed land per acre for *Dhan* land and for *Tand* land;

(c) the cost of hutments of different types built by the department for the rehabilitation of displaced persons; and

(d) the numbers of persons so far displaced and likely to be displaced due to the construction of the four dams?

The Minister of Natural Resources and Scientific Research (Shri Sri Prakasa): (a) A statement showing the officers and staff engaged in the Rehabilitation and Development Department of the DVC is laid on the Table of the House. [*See* Appendix VI, annexure No. 5.]

There are no separate officers and staff engaged exclusively on land reclamation work. This work is done by the Department of Soil Conservation in addition to their own work of head waters control and soil conservation.

(b) The average cost of reclamation per acre for *Dhan* land is Rs. 552 and for *Tand* land is Rs. 184.

(c)

	Rs.
Special A type . . .	8,625
A type . . .	4,800
B type . . .	3,620
C type . . .	2,570
D type . . .	1,535

(d)

	Total likely to be displaced	Displaced so far
Tilaiya . .	4,353	295
Konar . .	641	*Nil*
Maithon . .	11,174	*Nil.*
Panchet Hill	Not yet surveyed.	

STATUTORY FUNDS

*882. **Shri S. N. Das**: Will the Minister of **Finance** be pleased to state:

(a) the number and names of Funds statutorily created by Government for specified purposes and which funds have ceased functioning;

(b) the total amount outstanding in each of these funds; and

(c) the number and names of funds, the outstanding balances of which have been transferred to other funds?

The Minister of State for Finance (Shri Tyagi): (a) to (c). A statement is placed on the Table of the House. [*See* Appendix VI, annexure No. 6.]

AID FROM U.N.I.C.E.F.

*884. **Shri S. N. Das**: (a) Will the Minister of **Health** be pleased to state the various ways in which the

U.N.I.C.E.F. has helped India during 1950-51 and 1951-52?

(b) Is there any agency operating in India on behalf of this international organisation and if so, which is that?

The Minister of Health and Communications (Rajkumari Amrit Kaur): (a) The United Nations International Children's Emergency Fund have offered assistance to India for various health programmes for children and expectant and nursing mothers. Assistance from UNICEF usually takes the form of equipment and supplies and fellowship programmes. A detailed statement showing the assistance received so far is placed on the Table of the House. [*See* Appendix VI, annexure No. 7.]

(b) There is a UNICEF Chief of Combined Missions for India, Ceylon and Afghanistan with a local office in New Delhi, who acts on behalf of UNICEF.

Detenus Advisory Board

***885. Shri Alexander:** Will the Minister of Home Affairs be pleased to state:

(a) the number of cases submitted before the Advisory Board constituted under the latest amended Preventive Detention Act;

(b) how many releases were made in accordance with their findings;

(c) how many more cases remain to be submitted before such Boards; and

(d) how many Boards are constituted and functioning under the Act?

The Minister of Home Affairs (Shri Rajagopalachari): (a) 2891 up to 30th June 1951.

(b) 730 up to 30th June 1951.

(c) 110 cases remained to be submitted before the Boards on the 30th June 1951.

(d) 26.

Budget and Increased Foodgrain Prices

***886. Shri Amolakh Chand:** Will the Minister of Finance be pleased to state:

(a) whether on account of the increased foodgrain prices, the whole of the expected Budget surplus has now been wiped out;

(b) if so, how the additional subsidy for certain industrial towns will be met; and

(c) whether the State Governments have agreed to contribute some proportion to the Centre?

The Minister of Finance (Shri C. D. Deshmukh): (a) and (b). It would be premature to make a statement in regard to the revenue surplus. The increase in subsidy is, however, about 50 per cent. of the budget surplus.

(c) No, Sir.

Scientific Research Laboratories

***887. Shri Kishorimohan Tripathi:** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) the names of Scientific Research Laboratories so far established in India with the names of places where each is located;

(b) the expenditure so far incurred on each of them;

(c) the total non-official financial aid, if any, so far received from Indian industrialists; and

(d) the names of laboratories where work of research has actually started?

The Minister of Natural Resources and Scientific Research (Shri Sri Prakasa): (a), (b) and (d). It is presumed that the hon. Member is referring to the National Laboratories established under the auspices of the Council of Scientific and Industrial Research. A statement containing the names and location of these Laboratories along with the figures of recurring and non-recurring expenditure incurred on them up to 31st March 1951 and specifying those where research work has started, is placed on the Table of the House. [*See* Appendix VI, annexure No. 8.]

(c) A sum of Rs 26,75,000/- has been received from non-official sources. Land valued at Rs. 15·5 lakhs has also been received from them and further cash donations totalling Rs. 19,95,000/- have been promised.

Audit of Irrigation Projects

***888. Shri Kishorimohan Tripathi:** (a) Will the Minister of Natural Resources and Scientific Research be pleased to state whether or not the accounts in connection with the Hirakud, Damodar Valley and Bhakra-Nangal projects are being properly audited from time to time?

(b) If so, is the audit carried on under the direct authority of the Comptroller and Auditor General of India?

(c) When were the accounts last audited in each case?

The Minister of Natural Resources and Scientific Research (Shri Sri Prakasa): (a) The accounts are properly audited.

(b) Yes, Sir.

(c) Under the pre-audit system, the accounts of the Hirakud Dam Project are being audited concurrently by the Resident Audit Officer, Hirakud, working under the control of the A.G., Orissa. The Accounts of Damodar Valley Project are audited every month. The information in respect of Bhakra-Nangal is being collected and will be laid on the Table of the House when received.

COMPLETION OF IRRIGATION PROJECTS

***889. Shri Kishorimohan Tripathi:** (a) Will the Minister of **Natural Resources and Scientific Research** be pleased to state the total number of irrigation projects both major and minor which will be completed by the end of each of the years 1951, 1952 and 1953?

(b) What additional acreage of land will come under irrigation at the end of each of the said years?

The Minister of Natural Resources and Scientific Research (Shri Sri Prakasa): (a) 1951 ... 6

1952 ... 30

1953 ... 13

(b) 1951 ... 15,62,000 acres

1952 ... 27,10,000 acres

1953 ... 45,25,000 acres.

ELECTRICITY BOARDS IN STATES

***890. Shri Amolakh Chand:** Will the Minister of **Natural Resources and Scientific Research** be pleased to state:

(a) whether the Government of India directed all the States to constitute Electricity Boards;

(b) if so, how many States have complied with the said directions and how many have not yet taken any steps to constitute them; and

(c) whether the States that have not been able to constitute the Electricity Boards have given reasons therefor?

The Minister of Natural Resources and Scientific Research (Shri Sri Prakasa): (a) Yes, Sir.

(b) So far only the Governments of Madhya Pradesh and Delhi have set up Electricity Boards for their respective States.

(c) Most of the States attribute their inability to set up the Boards in their respective territories to financial, administrative, technical and certain other difficulties.

PRE-PARTITION SALT REFUND CLAIMS

***891. Sardar Hukam Singh:** Will the Minister of **Finance** be pleased to state:

(a) whether the general question of pre-Partition salt refund claims was discussed at any of the conferences between India and Pakistan; and

(b) if so, whether any agreement has been reached?

The Minister of Finance (Shri C. D. Deshmukh): (a) The question of refunds of pre-Partition revenue and return of pre-Partition deposits was reviewed as a whole at the Indo-Pakistan Conference held at New Delhi in December 1950, with a view to arriving at some decision regarding the basis on which the responsibility for those refunds should be allocated between the two countries.

(b) Regarding refund of revenue, it was decided that the Government of India should get the question examined in detail, and forward specific proposals to the Government of Pakistan.

As regards the return of deposits, it was agreed that deposits relating to contracts should be refunded by the Government on whom liability for the contract, in respect of which the deposit was made devolves.

B.C.G. VACCINATION

***892. Shri Rathnaswamy:** (a) Will the Minister of **Health** be pleased to state how many persons have been given B.C.G. Vaccination in the country during the current year?

(b) What steps have so far been taken to popularise this B.C.G. Vaccination in the country, particularly in rural parts?

(c) What is the total expenditure involved on this account for the same period?

(d) Is the entire expense borne by the Government of India or the State Governments also and if so, in what proportion?

The Minister of Health and Communications (Rajkumari Amrit Kaur): (a) The number of persons tuberculin tested and given B.C.G. vaccination from the 1st July 1950 to the 30th June 1951 is 2,607,546 and 907,213 respectively.

(b) Steps have been taken to popularise B.C.G. vaccination by the

usual health publicity methods such as distribution of pamphlets and posters, talks over the radio, lectures by B.C.G. workers and film shows at schools and industrial centres.

(c) and (d). It is not possible to give exact figures of expenditure incurred during the period under reference. However, for the period from the 1st April 1950 to the end of March 1951 the Government of India have incurred an expenditure of Rs. 2,55,671/-, while the various State Governments concerned have incurred approximately Rs. 13,80,000/-. The Central Government's share of the cost consists of expenses on account of B.C.G. vaccine Laboratory Guindy, the Central B.C.G. Organisation including propaganda, and subsistence allowance to foreign personnel and the State Governments bear the entire cost of local teams. Apart from the cost borne by India, the "International Tuberculosis Campaign" have been meeting the cost on account of the provision of expert personnel, supplies, equipment and transport required for the campaign.

RURAL CREDIT SURVEY

*893. **Shri Rathnaswamy:** (a) Will the Minister of **Finance** be pleased to state whether it is a fact that a "Committee of direction" has been appointed by the Reserve Bank of India to plan and organise a rural credit survey on an all-India basis?

(b) If so, since when will it begin to function?

(c) Have the personnel of the committee been appointed?

(d) What are the specific terms of reference?

The Minister of Finance (Shri C. D. Deshmukh): (a) I would invite the attention of the hon. Member to the reply given by me on the 4th September, 1951, to Starred Question No. 767.

(b) The Committee has already started its work.

(c) Yes, Sir.

(d) The Committee will plan and organise a rural credit survey on an all-India basis.

POPULATION FIGURES

*894. **Shri M. Naik:** (a) Will the Minister of **Home Affairs** be pleased to state whether final compilation of population figures of the last Census has now been made?

(b) If so, what are the figures for India as a whole and for different States?

(c) What are the population figures of Scheduled Castes, Scheduled Tribes and other Backward classes for India and different States separately?

The Minister of Home Affairs (Shri Rajagopalachari): (a) and (b). The attention of the hon. Member is invited to the reply given on the 4th September 1951 to Shri Kamath's Starred Question No. 746.

(c) These figures can be produced only when the tabulation of the results of the Census is complete.

TEACHING OF HINDI TO OFFICERS

*895. **Seth Govind Das:** (a) Will the Minister of **Education** be pleased to state what steps, if any, have so far been taken to teach Hindi to non-Hindi speaking and non-Hindi knowing Officers of the Government of India?

(b) When was such a decision taken?

The Minister of Education (Maulana Azad): (a) and (b). The attention of the hon. Member is invited to my reply on 30th August, 1951 to starred Question No. 647 asked by Shri A. B. Gurung. The Scheme will cater for officers of the Government of India also. The scheme has not been put into effect as it has not yet been finalised.

DEVELOPMENT OF HINDI

*896. **Seth Govind Das:** (a) Will the Minister of **Education** be pleased to state what steps, if any, have so far been taken by Government for setting up a Section to deal with the problems concerning the development and propagation of Hindi?

(b) What will be the functions of this Section?

(c) Have Government taken any steps so far to constitute the Advisory Board for such matters?

The Minister of Education (Maulana Azad): (a) The work in connection with the propaganda of Hindi is at present handled by an Officer on Special Duty assisted by a small staff. Government is soon going to create a full-fledged section.

(b) This Section will deal with all problems connected with the propagation and development of Hindi.

(c) When the Section in the Ministry is opened the Advisory Committee will be appointed.

Excess Profit Tax

*897. **Dr. C. D. Pande:** Will the Minister of Finance be pleased to state:

(a) the total amount of Excess Profit Tax collected from the time of its inception till it was discontinued;

(b) the amount of this tax which has been assessed but remains uncollected; and

(c) the amount of such tax which has to be refunded?

The Minister of State for Finance (Shri Tyagi): (a) The total of Excess Profits tax collected so far for the period 1st September 1939 to 31st March 1946, which was the period for which E.P.T. was chargeable, is Rs. 399·84 crores. Certain assessments for that period are still pending.

(b) The amount which remained uncollected on 30th June, 1951 was Rs. 41·35 crores of which about Rs. 13 crores will have to be adjusted against Double E.P.T. relief.

(c) Rs. 28 crores approximately.

Representation of Scheduled Castes, Scheduled Tribes and Backward Classes.

*898. **Shri R. Velayudhan:** (a) Will the Minister of Home Affairs be pleased to state whether any general rules have been framed by Government regarding the representation of Scheduled Castes, Scheduled Tribes and Backward classes according to the recent changes made in the Constitution of India especially in clauses 15 and 15-A?

(b) How many Scheduled Castes employees of the Government of India were considered for the Reorganisation Scheme of the Government of India in the respective categories and how many were selected for each category?

(c) Did Government issue any special instructions to the Special Recruitment Board with regard to the representation of Scheduled Castes and Tribes?

The Minister of Home Affairs (Shri Rajagopalachari): (a) The recent amendment to Article 15 of the Constitution does not call for any change in the decisions already arrived at by the Government of India with regard to the employment of qualified persons from the Scheduled Castes, and certain others in the service of the State. The Government of India's decisions in this respect were embodied in the Home Ministry's Resolution No. 42/21/49-N.G.S. dated the 13th September, 1950, a copy of which was laid on the Table of the House on the 22nd November, 1950.

(b) The hon. Member presumably refers to the Central Secretariat Service.

The reservations for Scheduled Castes and Tribes do not apply to departmental promotions to Grades I to III or to confirmations in the Grade of Assistants on the basis of seniority. Apart from reservation, information of actuals as regards Scheduled Castes and Tribes can be collected if desired when the reorganization is completed and placed on the Table of the House. For the grade of Assistants one Test has been held by the Union Public Service Commission and as this is subject to reservation, nine Scheduled Caste candidates have qualified and are likely to be confirmed.

(c) No special instructions were issued to the Special Recruitment Board. The selections made by the Board were, however, subject to the notified reservations.

Symbols for Political Parties

*899. **Shri R. Velayudhan:** (a) Will the Minister of Law be pleased to refer to the reply to starred question No. 115 asked on the 9th August 1951 and state whether the symbols for the Indian National Congress, the Socialist Party of India and the Communist Party of India have now been decided by the Election Commission?

(b) If so, what are the respective symbols of these parties?

(c) How many political parties applied for symbols?

The Minister of Law (Dr. Ambedkar): (a) Yes, Sir.

(b) Indian National Congress—Two bulls with yoke on.

Socialist Party of India—Tree.

Communist Party of India—Ears of corn and a sickle.

(c) Thirty-four

Detention under Preventive Detention Act

*901. **Shri Kamath:** Will the Minister of Home Affairs be pleased to refer to the answer to my supplementary question raised on starred question No. 319 asked on 18th August, 1951 regarding persons detained under the Preventive Detention Act and state:

(a) whether any deaths have taken place among detenus in the course of their detention under the Preventive Detention Act in each of the Part 'A', Part 'B' and Part 'C' States:

(b) if so, how many in each State; and

(c) what were the causes of death in each case?

The Minister of Home Affairs (Shri Rajagopalachari): (a) to (c). I place a statement on the Table of the laid on the Table [*See* Appendix VI, No 9.]

PRICES OF *atta* SUPPLIED TO MILITARY PERSONNEL

*902. **Shri Dwivedi:** Will the Minister of **Defence** be pleased to state:

(a) whether it is a fact that the rates of *atta* in the case of civil population is Rs. 15-12-0 per maund inclusive of all charges *viz.* cartage, terminal tax etc., whereas in the case of military personnel at the D.I.D., Safdar Jang it is Rs. 27-15-0 per 100 lbs. and in addition to this one anna per bag has to be paid as terminal tax; and

(b) the reason for this difference in prices?

The Deputy Minister of Defence (Major-General Himatsinhji): (a) The sale rate of *atta* in ration shops for the civil population in Delhi is Rs. Rs. 15-10-0 per maund inclusive of all charges. It is a fact that the payment issue rate of *atta* at the D.I.D., Safdar Jang is Rs. 27-15-0 per 100 lbs. and that in addition a sum of one anna per bag is to be paid as terminal tax.

(b) The difference in the military and civil rates is largely due to the fact that the cost of imported wheat procured for the Delhi civil population is subsidised by the Central Government and is charged for at Rs. 12-3-0 per maund f.o.r. Delhi, whereas the cost of imported wheat supplied to Defence Services is charged for at full price, *viz.* Rs. 18-6-0 per maund inclusive of cost of bags f.o.r. Bombay without any subsidy.

OPEN AIR SCHOOLS IN DELHI

*903. **Shri V. K. Reddy:** (a) Will the Minister of **Education** be pleased to state whether any statistics have been taken about the number of open air schools run in Delhi and New Delhi?

(b) What is the number of boys reading in these schools?

(c) Are Government giving any financial help to the teachers maintaining them?

The Minister of Education (Maulana Azad): (a) No, Sir.

(b) Does not arise.

(c) No, Sir.

GAZETTED AND NON-GAZETTED STAFF

198. Prof. K. T. Shah: Will the Minister of **Finance** be pleased to state:

(a) the number of (i) Gazetted, and (ii) non-Gazetted officers, clerks and class IV servants in his Secretariat so far as the Branches dealing with Reserve Bank and currency are concerned as on:

(i) 15th August, 1947; (ii) 31st March, 1948; (iii) 31st March, 1949; (iv) 31st March, 1950; and (v) 31st March, 1951; and

(b) the number of the officers, clerks and class IV servants appointed temporarily in the first instance and subsequently (i) made permanent, (ii) retired or (iii) retrenched, during each of the years 1947-48 (post-partition), 1948-49, 1949-50, and 1950-51?

The Minister of Finance (Shri C. D. Deshmukh): (a) Apart from the Secretary, who is in general charge of work in the Ministry, the Branch dealing with Reserve Bank and Currency consisted of the following officers and staff:

	Gazetted Officers	*Non-Gazetted Staff*
(i) 15th August, 1947	4	20
(ii) 31st March, 1948	4	23
(iii) 31st March, 1949	4	24
(iv) 31st March, 1950	4	28
(v) 31st March, 1951	4	28

Note: The word relating Reserve Bank and Currency was only a part of the work dealt with in the Branch and some of the Officers were in charge of other Branches also.

(b) Nil.

FIRE ACCIDENTS IN DELHI

199. Shri V. K. Reddy: (a) Will the Minister of **Home Affairs** be pleased to state what is the number of fire accidents which took place in Delhi during the last one year?

(b) What are the reasons for the same?

(c) What is the loss caused in those fires?

(d) What is the number of human lives lost in these fires?

The Minister of Home Affairs (Shri Rajagopalachari): (a) The total number of fire accidents for the period 1st September 1950 to 31st August 1951 was 337.

(b) The principal reasons were negligent disposal of match-sticks or

stubs, carelessness while cooking over open fires, insufficient precaution in handling naked lights, electrical short-circuit, and inadequate fire-protection in premises containing inflammable goods.

(c) The loss is estimated to be Rs. 41,00 000.

(d) Two persons lost their lives.

Sales Tax on Coconuts

200. Shri Sidhva: Will the Minister of **Finance** be pleased to state:

(a) whether he has received any representation from the Madras Provincial Coconut Merchants' Association in connection with the inter-State Sales Tax charged on coconuts;

(b) if so, whether they have stated that they should be brought under Article 286(3) of the Constitution;

(c) whether it is a fact that the Sales Tax is levied on coconuts at multi-point; and

(d) if so, whether it is in order?

The Minister of Finance (Shri C. D. Deshmukh): (a) and (b). A representation has been received from the Association to the effect that fresh coconuts should be declared as essential for the life of the community under Article 286(3) of the Constitution.

(c) Yes. Sales Tax is levied in the State of Madras on a multiple point basis.

(d) Yes. The State Government is competent to levy sales tax on a multiple point basis.

Cantonment Board, Allahabad

201. Shri Sidhva: (a) Will the Minister of **Defence** be pleased to state whether the Allahabad Cantonment Association has passed any resolution asking the Government that an enquiry in regard to the working of the Allahabad Cantonment Board particularly with reference to the improvements of the civic amenities provided by the Board be instituted?

(b) What kind of amenities are at present given by the Board to the citizens in the Cantonment of Allahabad?

(c) Is it a fact that no drinking water was available in the months of May and June 1951 to the residents at Lashkar Lines and Old Bairana?

(d) If so, what are the reasons and why is water not available in that area?

(e) What kind of drainage for removing the sewage water exists in the Allahabad Cantonment?

The Deputy Minister of Defence (Major-General Himatsinhji): (a) A resolution to this effect has been received from the Allahabad Cantonment Association.

(b) A statement showing the amenities provided by the Cantonment Board, Allahabad, to the citizens of the Cantonment is placed on the Table of the House. [*See* Appendix VI, annexure No. 10.]

(c) No.

(d) Does not arise.

(e) Pucca drains exist for the disposal of sewage. At such places where drains do not exist, cess pools are provided and cleaned regularly by means of sullage carts.

Training of Foreign Airmen in India

202. Shri S. N. Das: (a) Will the Minister of **Defence** be pleased to state whether it is a fact that some of the neighbouring countries have requested the Government of India to offer training facilities to their airmen?

(b) To which of the countries have facilities for such training already been offered?

(c) What is the number of airmen in each case already getting training in India?

The Deputy Minister of Defence (Major-General Himatsinhji): (a) Yes, Sir.

(b) Burma and Afghanistan.

(c) Burma—34 airmen of the Burma Air Force are getting training in Technical trades at No. 2 Ground Training School, Tambaram.

Afghanistan.—None yet.

Protest against Increased Tobacco Duty

203. Shri S. N. Das: Will the Minister of **Finance** be pleased to state:

(a) whether it is a fact that tobacco merchants from all over the country have protested to the Government of India against the realization of increased tobacco duty from them for the period between 1st March and 2nd April, 1951;

(b) whether the Government of India have received any representation to that effect; and

(c) whether Government have considered the question and come to a decision in the matter?

The Minister of State for Finance (Shri Tyagi): (a) and (b). Yes; Government have received a number of representations in this regard. Recovery of a differential duty at the rate of Re. 0-6-0 per lb. is required to out of the recovery proceedings re-Finance Act, 1951, in respect of *biri* tobacco cleared during the period the 1st March 1951 to the 27th April 1951 (not 2nd April 1951 as stated by the hon. Member).

(c) Yes; Government have carefully considered the situation arising be made under section 7(2) of the fererd to. A Note explaining the position is laid on the Table of the House. [*See* Appendix VI, annexure No. 11.]

Sterling Balances

204. Dr. Ram Subhag Singh: Will the Minister of **Finance** be pleased to state the latest position of India's sterling balance?

The Minister of Finance (Shri C. D. Deshmukh): Our sterling balances stood at Rs. 830·76 crores on the 24th August, 1951.

सत्यमेव जयते

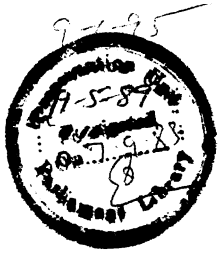
PARLIAMENTARY DEBATES

(Part II—Proceedings other than Questions and Answers)

OFFICIAL REPORT

VOLUME XV, 1951

(30th August, 1951 to 22nd September, 1951)



Fourth Session

of the

PARLIAMENT OF INDIA

1951

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THE

PARLIAMENTARY DEBATES

(Part II—Proceedings other than Questions and Answers)

OFFICIAL REPORT

PARLIAMENT OF INDIA

Friday, the 7th September, 1951

The House met at Half Past Eight of the Clock.

[MR. DEPUTY SPEAKER *in the Chair.*]

QUESTIONS AND ANSWERS

(See Part I)

9-30 A.M.

LEAVE OF ABSENCE FROM THE HOUSE

Mr. Deputy-Speaker: Before the House proceeds with any other business, I would like to inform hon. Members that Shri T. T. Krishnamachari has requested for leave of absence from all meetings during this session as he has gone abroad to attend the meetings of the United Nations Economic and Social Council.

Is it the pleasure of the House to grant him leave?

The leave was granted.

PAPER LAID ON THE TABLE

NOTIFICATION UNDER SECTION 2C OF INSURANCE ACT, 1938.

The Minister of Finance (Shri C. D. Deshmukh): I beg to lay on the Table a copy of the Ministry of Finance Notification No. Ins. A-74 (1)/51, dated the 1st June, 1951, under sub-section (2) of Section 2C of the Insurance Act, 1938. [*Placed in Library. See* No. P1 204/51].

Shri Sidhva (Madhya Pradesh): Sir, may I with your permission make a submission and ask for guidance? On the 4th of September a question was put by Shri Raj Kanwar in regard to the Cantonments Committee Report and the Deputy Minister of Defence stated that the report had been placed on the Table. I put a question whether there was a dissenting note on it. I do not find the dissenting note with the main report. May I know whether the report could be considered complete without the dissenting note of a member?

Mr. Deputy-Speaker: An enquiry will be made.

BENARES HINDU UNIVERSITY (AMENDMENT) BILL AND ALIGARH MUSLIM UNIVERSITY (AMENDMENT) BILL.

PRESENTATION OF REPORTS OF SELECT COMMITTEES

مولانا آزاد : جناب - ہندو یونیورسٹی بنارس امینڈمنٹ بل اور مسلم یونیورسٹی علی گڑھ امینڈمنٹ بل کے لئے جو سلیکٹ کمیٹی بیٹھائی گئی تھی اس کی رپورٹ میں پیش کرتا ہوں -

[The Minister of Education (Maulana Azad): I beg to present the Report of the Select Committee on the Bill further to amend the Benares Hindu University Act, 1915.

I also present the Report of the Select Committee on the Bill further to amend the Aligarh Muslim University Act, 1920.]

Seth Govind Das (Madhya Pradesh): May I know when these Bills would be taken up for consideration, so that we may adjust our programmes accordingly.

Mr. Deputy-Speaker: When is the hon. Minister likely to pursue the further consideration of the Bills?

مولانا آزاد : اب یہ اس پر موقوف ہے کہ کس وقت موقع نکلے - کوشش تو یہی ہے کہ اس کو جلد سے جلد کنسیڈریشن کے لئے لیا جا سکے -

[**Maulana Azad:** It all depends upon the time that we get. As a matter of fact it is our endeavour to take up its consideration as soon as possible.]

सेठ गोविन्द दास: जी नहीं, मैं यह जानना चाहता था कि हिन्दू कोड बिल के पहले क्या यह ले लिया जायगा क्योंकि उस बिल में बहुत वक्त लग सकता है ?

[**Seth Govind Das** (Madhya Pradesh): No, Sir. I wanted to know whether it would be taken up before the Hindu Code Bill which is likely to take sufficient time of the House?]

Mr. Deputy-Speaker: I am afraid the hon. Member is too frank!

NOTARIES BILL

EXTENSION OF TIME FOR PRESENTATION OF REPORT OF SELECT COMMITTEE

The Minister of Law (Dr. Ambedkar): I beg to move:

> "That the time appointed for the presentation of the Report of the Select Committee on the Bill to regulate the profession of notaries, be extended upto Monday, the 17th September, 1951."

The situation has become somewhat tight because during the last week there have been so many Select Committees meeting at one and the same time and Members of the Select Committees are more or less so common that it was very difficult for us to arrange a meeting. I did try once, but Members were not able to come. Then, there was no quorum. However, we have been able to settle something, and I think one more meeting will enable me to finalise the report.

Khwaja Inait Ullah (Bihar): Why should the Government appoint the same Members on different Select Committees, which has resulted in this delay?

Mr. Deputy-Speaker: It may also be that other hon. Members are not anxious about it. It is a very technical subject.

The question is:

> "That the time appointed for the presentation of the Report of the Select Committee on the Bill to regulate the profession of notaries, be extended upto Monday, the 17th September, 1951."

The motion was adopted.

Shri Kamath (Madhya Pradesh): Before the House proceeds to other business, may I submit, not for your decision today, but for your leisurely consideration, and the consideration of the House that in view of the fast retreating summer conditions the House may revert to the old timings so far as its sittings are concerned?

Hon. Members: No, no.

Mr. Deputy-Speaker: The House does not seem to agree with it. Anyhow I will consider—I shall ascertain the views of the Members.

INDIAN COMPANIES (AMENDMENT) BILL

Clause 2.—(*Insertion of new section 86J etc.*

Shri A. C. Guha (West Bengal): The Select Committee has practically put a new clause in place of the old clause in the Bill before it was sent to the Select Committee.

Mr. Deputy-Speaker: Is the hon. Member moving any amendment?

Shri A. C. Guha: Yes, Sir.

Mr. Deputy-Speaker: Then let him move it first and then support it by his arguments.

Shri A. C. Guha: I beg to move:

In page 2, line 9, add at the end:

> "The Central Government shall have power in any general meeting of the shareholders to freeze the voting power of the shares whose ownership has thus changed hands."

The purpose of my amendment is this: The Bill has provided that when some shares have changed hands and some undesirable elements have cornered the shares, as provided in the Bill, they may not make any change in the managing agency or management of the company. But the provision, as it has been put, seems to be quite inadequate. The new holders of those shares may not make any change in the managing agency or managing directorship or board of directors of the company, but they will be competent, as it has been put in the clause, to put obstacles in the way of the smooth running of the company in any general meeting, ordinary or special. I find in the Insurance Act it has been provided that the ordinary shareholder of a company or firm would be entitled to have voting right of only up to five per cent.

of the total share, and in the case of a share-holder being a company or an investing firm only upto 2½ per cent. of the voting rignt of the total share is allowed. Also, in the Banking Companies Act the maximum number is fixed at five per cent. of the total strength. The excess being used by the Administrator General of the region. I submit that here also there should be some check put so that in the general shareholders meeting the undesirable elements may not exercise their voting strength to the detriment of the smooth running of the company. Moreover I find that in the proposed Income-tax (Amendment) Bill.....

Mr. Deputy-Speaker: Is not the present clause sufficiently wide to cover all those cases? Is it necessary to add this?

Shri A. C. Guha: Only as regards managing agency, managing directorship and board of directors—but, those persons who have acquired the new shares can put obstacles in the way of the smooth running of the company in any shareholders meeting. My purpose is that in respect of the extra shares which have changed hands, the voting strength may vest with the Government so that it may not be exercised by those undesirable elements for obstructing the smooth running of the company. If they are allowed to exercise those votes they can make the life of the managing agency or the managing director impossible and they can put obstacles in the way of the smooth running of the company and create a stalemate. I therefore hope that Government will have no objection in agreeing to this amendment.

As it is put in the provision there is no bar to the shares being placed in the stock-exchange. The Government have no machinery to prevent their changing hands from one shareholder to another. In the proposed amendment of section 23A of the Income-tax Act (in the Bill that has been circulated to us) certain disabilities have been put on the companies in which the public is not substantially interested. It has been put in the explanation:—

> "...a company shall be deemed to be a company in which the public are substantially interested only if at any time during that previous year its shares have been offered for sale in a recognised stock exchange."

That is to say, certain exemptions have been made in respect of those companies whose shares are open for sale in any recognised stock exchange. Government are rather putting thus a premium on the shares being transferred from one hand to another. I suggest that the voting rights of those shares which have gone into the hands of undesirable elements should be frozen by Government. I hope the hon. Finance Minister will accept the suggestion.

Mr. Deputy-Speaker: Are there any cases where such cornering takes place without affecting prejudicially the affairs of the Company? I think the shareholders interest alone would be affected.

Shri A. C. Guha: There shall be no change in the management of the company as for the wording of the clause.

Mr. Deputy-Speaker: Is it likely that cases would occur which would affect prejudicially the affairs of the company? Are there any cases where the cornering of shares by X, Y and Z would not prejudicially affect the affairs of the company but would affect the shareholders? What are those cases?

Shri A. C. Guha: What would be the position if the shares changed hands? Then would not the shareholders be able to exercise their voting rights?

Mr. Deputy-Speaker: If they do not prejudicially affect the affairs of the company, what does it matter? What does the hon. Member want?

Shri A. C. Guha: I think they can create some difficulties.

Mr. Deputy-Speaker: Will the hon. Member give us an instance as to how this affects the management or the managing agencies or the directors? What are the cases where they will affect only the shareholders as apart from the affairs of the Company as a whole? If there are particular instances which are not covered by the general provision in the amended Bill they should be brought under this. Anyhow, I will ask the hon. Minister to answer this point.

The Minister of Finance (Shri C. D. Deshmukh): I believe that what the hon. Member means is that at general meetings the shareholders as are affected by the cornering may pass resolutions which may make life difficult for the managing agent. That is a somewhat long term affair. An annual general meeting takes place only annually. There might be extraordinary general meetings and so on, but what we are aiming at here is a particular change by which the managing agents' work might be affected almost from day to day and to aim at stopping the exercise of voting powers altogether, I think,

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would be taking too drastic a step to meet a remotely possible danger. That I think is the objection against the amendment implied by the hon. Member. The effect of it would be that no resolutions could be passed at the annual general meeting. There are many affairs which do not have a bearing on the management and the quality of the management. There is the question of payment of auditors and there are hundred and one things and all these are going to be stopped because we fear that such shares have been cornered and as the management might be affected if there were to be a change of directors, we should not allow the shareholders to exercise any voting rights at all or rather a majority of shareholders should not exercise any voting rights at all. I think a provision like that in an admittedly interim measure is inappropriate and for that reason, I regret I have to oppose the amendment proposed by the hon. Member.

Shri A. C. Guha: I only stated that Government may have the power, if necessary. They have provided such clauses in the Insurance Act and in the Banking Companies Act also.

Mr. Deputy-Speaker: The hon. Minister feels that it will be a little too drastic. May I take it then that I need not put this amendment to vote?

Shri A. C. Guha: If the hon. Minister is not inclined to consider it, I do not want to press it.

Shri C. Subramaniam (Madras): I bring to your notice the wording of the proposed section 86J sub-clause (1) (c) which reads: "the reappointment after the 21st day of July, 1951 of a managing director in place of the managing director holding office as such on that date or thereafter.....". If it is a question of reappointment of a managing director, then the words "managing director holding office as such" will not arise. It is enough if we say "reappointment after the 21st day of July, 1951 of the managing director holding office as such on that date or thereafter". But if it is a question of the appointment of a managing director, the word "re-appointment" will not be quite proper. The language, as it is, namely "the reappointment of a managing director in the place of the managing director holding office as such etc." will not be proper if you want to cover the re-appointment of the managing director or the appointment of a new director. I suggest the language used in the proposed section 87CC sub-clause (b) (ii) may be used; it is at page three. But as it is, I am afraid, it is not quite proper

Mr. Deputy-Speaker: The hon. Member wants the following to be substituted: "The reappointment after the 21st day of July, 1951 of a managing director holding office as such on that date or the appointment of a new managing director etc." Reappointment does not arise as he is himself the Managing Director. The language seems to be unnecessary.

Shri C. D. Deshmukh: I think, Sir, yes.

Mr. Deputy-Speaker: I take it that he will move a formal amendment.

Shri C. Subramaniam: I beg to move:

In the proposed section 86J, sub-clause (1) (c), omit 'in place of the managing director".

Dr. Deshmukh (Madhya Pradesh): I rise to a point of order. I do not object to the procedure that is being followed but is it not necessary formally to suspend the rules before an amendment of which notice has not been given is being moved? I would like to know whether that sort of procedure is not necessary that is, to suspend temporarily the rules, and allow the amendment to be taken up.

Mr. Deputy-Speaker: I am placing it before the House and I have suspended them impliedly. To that extent the rules are suspended.

Shri C. D. Deshmukh: We want to cover two cases here, the appointment of a new managing director and the reappointment of the same managing director.

Mr. Deputy-Speaker: That was what was contemplated but unfortunately it escaped. I think the amendment must be the other way.

Shri C. D. Deshmukh: There is the question of the appointment of a new director in the place of the managing director and the reappointment of a managing director. Both of them would have been brought in.

Shri C. Subramaniam: The language used in sub-clause (b) (ii) of the proposed section 87CC covers both the cases. It reads as follows: "the re-appointment after the 21st day of July, 1951 of a managing agent holding office as such on that date or the appointment of a new managing agent in place of the managing agent holding office as such on that date, or thereafter etc." I suggest that language could be used.

Mr. Deputy-Speaker: That was what was intended. What happened in the Select Committee was this. This

matter was considered only in clause 6 and when we came to this clause, we did not turn back but asked the draftsman to introduce a similar clause word for word.

Shri C. Subramaniam: I suggest an alternative. Either that language can be used or in its place we can have the following: "the reappointment after the 21st day of July, 1951 of a managing director holding office as such on that date or thereafter or the appointment of a new managing director in place of the managing director holding office as such on that date or thereafter" and then the other things may follow.

Shri C. D. Deshmukh: "The appointment or reappointment purports to increase, or has the effect of increasing etc." is all that is intended.

Mr. Deputy-Speaker: The hon. Member may move his amendment.

Shri C. Subramaniam: I beg to move.....

Shri C. D. Deshmukh: I will have to check it, Sir.

Mr. Deputy-Speaker: We will take it up later. I shall take up the other amendments. Meanwhile this amendment may be drafted.

Shri A. C. Guha: I beg to move:

In page 2, line 11, add at the end:

"or the managing agent of a company".

In sub-section (3) it has been provided:

"Nothing contained in this section shall apply to a private company unless it is a subsidiary company of a public company."

But, there may be private companies which may not be subsidiary to any public companies, but may be themselves managing agents of other public companies. Certain exemption has been given in the proposed sub-section (3) to private companies, but not to private companies which are subsidiary companies of a public company. There may be a private company which is itself the managing agent of another public company. That exemption should not be extended to such private companies as may be the managing agents of other public companies.

Shri C. D. Deshmukh: You will recollect, Sir, that we considered this point in the Select Committee.

Mr. Deputy-Speaker: The hon. Minister must satisfy the House here.

Shri C. D. Deshmukh: I was saying that only by way of introduction. I was going to say that we did not include it there because there were clauses later which deal specifically with the constitution and terms of appointment of managing agents.

Shri A. C. Guha: I have noticed that; but I am not quite sure whether this case is covered by that clause. If the hon. Minister feels that that is covered by that clause, I do not like to press this amendment.

Shri C. D. Deshmukh: I should think so: it is covered by clause 5.

Mr. Deputy-Speaker: It is not necessary to pursue this amendment. Shall I allow this clause to stand over to enable the amendment to be drafted?

Shri C. D. Deshmukh: Yes.

Mr. Deputy-Speaker: No other amendment will be allowed. We will proceed to clause 3.

Shri Jhunjhunwala (Bihar): I wish to speak on clause 2. So far as the question of giving power to the Central Government regarding the appointment of a managing agent is concerned, it is all right. Sub-section (2) of the proposed section 86J says:

"Where a complaint is made to the Central Government by the managing agent, managing director or any other director of a company that as a result of a change in the ownership of the shares held in the company a change in the board of directors is likely to take place which, if allowed, would affect prejudicially the affairs of the company, the Central Government may, if, after such inquiry as it thinks fit to make, it is satisfied that it is just and proper so to do, by order direct that no resolution passed or action taken to effect a change in the board of directors after the date of the complaint shall have effect unless confirmed by the Central Government, and any such order shall have effect notwithstanding anything to the contrary contained in any other provision of this Act or in the articles of the company."

My submission is this. The Central Government has already got the power not to allow a new managing agent to be appointed in the place of the existing managing agent thinking that the people who have cornered the shares in the market might put in such a managing agency which might work to the detriment of the company. Here, even the appointment of a new board of directors is also objected to. It is

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likely that the present managing agent, who is carrying on the business, may not be carrying on the business in a proper way. As such, those people who have acquired the shares, who have got the majority of shares and have substantial financial interest, should be given at least the right to appoint their own directors and see how they can influence the present managing agent to work better. It will be wrong always to assume that the new board of directors which will be appointed, will act prejudicially. You think in advance, with the existing managing agent, before the new directors come into being and begin to act, that they will be acting prejudicially. I do not know how they think in advance like that. So far as the question of managing agent is concerned, it is all right. But, so far as the question of a new board of directors is concerned, my submission is, let those directors come, let them work with the existing managing agent and later if it is found that these directors are obstructing the managing agent and that their whole object is to bring in a new managing agent, it will be right for the Central Government to interfere but not before a new board of directors has been appointed. This is giving too much power to the Central Government and in that case, the Central Government will always be interfering even with the details of the work. Therefore, I submit that that clause should not be there.

Shri C. D. Deshmukh: This amendment arose out of a suggestion made by an important company where we had good reason to believe that the managing agents were managing the affairs of the company to the prejudice of the company and they had received information and indeed a communication to the effect that a majority of shares had been acquired by a stock broker and that he intended to nominate a board of directors in order to be able to influence the day-to-day work of the company unless the managing agents thought fit to make peace with him. It is to prevent a case like that from developing that this particular amendment was suggested. I do not think that the hon. Member's fears are justified that Government will use this power without a sense of responsibility. All that we are doing is that the right of the shareholders to nominate new directors is made subject to the confirmation by the Government. I have no doubt that in the sort of case that the hon. Member contemplated, the confirmation will be readily forthcoming. It is only to screen undesirable cases of the first kind that this power will be used.

Shri Jhunjhunwala: But, how do they judge beforehand unless these new directors have come and unless they had worked? I think it would be wrong to judge beforehand.

Mr. Deputy-Speaker: Some things could be anticipated. The cornering is only for the purpose of putting one's own man when the management is all right. It can be reasonably anticipated. It is only an apprehension.

Is the amendment ready?

Shri C. D. Deshmukh: I am showing it to the hon. Member because it is his amendment.

Shri C. Subramaniam: I think it is all right. I beg to move:

In clause (2), for sub-section (1)(c) of the proposed section 86J, of the Indian Companies Act, 1913, substitute:

"(c) the appointment of a managing director for the first time after the 21st day of July, 1951, or the re-appointment after the said date of a managing director holding office as such on that date or thereafter, if the terms of such re-appointment purport to increase or have the effect of increasing, whether directly or indirectly, the remuneration that the managing director was receiving immediately before such reappointment."

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Mr. Deputy-Speaker: The words 'or thereafter' are not necessary for the earlier one. He will be a new managing director. The appointment being of a new managing director, 'or thereafter' will not be necessary.

The question is:

In clause 2 for sub-section (1)(c) of the proposed section 86J of the Indian Companies Act, 1913, substitute:

"(c) the appointment of a managing director for the first time after the 21st day of July, 1951, or the re-appointment after the said date of a managing director holding office as such on that date or thereafter, if the terms of such re-appointment purport to increase or have the effect of increasing, whether directly or indirectly, the remuneration that the managing director was receiving immediately before such re-appointment."

The motion was adopted.

Mr. Deputy-Speaker: This means that the appointment of every managing director after that date, whatever may be the terms and conditions, must meet

with the approval of the Central Government. With respect to the re-appointment, the approval is needed only if there is any variation in the terms.

The question is:

"That clause 2 as amended, stand part of the Bill."

The motion was adopted.

Clause 2, as amended, was added to the Bill.

Clauses 3 and 4 were added to the Bill.

Clause 6.—*(Insertion of new section 87BB etc.)*

Shri A. C. Guha: I beg to move:

In page 2, after line 42, insert:

"(1A) The shares of a company which is the managing agent of another company or firm shall not be offered for sale in any recognised stock-exchange or be otherwise transferable except due to the death of the holder without the permission of the Central Government."

Here Government wish to provide certain restrictions on the director of a company which may be the managing agent of another company. But there are certain companies whose shares are negotiable in the open market and in the stock-exchange market and these shares can change hands freely. By this amendment of mine, I want to put a stop to this free change of hands regarding shares. The shares of those companies which are themselves managing agents should not be allowed to change hands freely and should not be offered in the open market or stock-exchange.

Shri C. D. Deshmukh: This again is going too far. Also I think the necessary precaution is contained in sub-section (2) of this proposed section, where we can interfere and remove an exemption by notification. Otherwise the shares of a managing agency which is a public company will become unsaleable.

Shri A. C. Guha: I cannot understand how Government can take action to prevent the transfer of shares.

Mr. Deputy-Speaker: It is provided in sub-section (2) of the proposed section. Otherwise there is no question of shares being put in the share markets and stock exchange. It is open to the Government to say that they will not recognise a new agency. I think there is sufficient safeguard provided.

Shri C. Subramaniam: I have a small doubt. In the proposed sub-section (1) it is stated that no change in the constitution of the managing agent shall have effect unless approved by the Central Government—

"and every such firm or company shall cease to be entitled to act as such managing agent from the date of such change until the approval of the Central Government is obtained."

That means that the managing agent cannot act and manage the company. What is to happen in the interval? Are you not creating a vacuum in the management of the company? There should be provision for the management of the company during this interregnum.

Mr. Deputy-Speaker: Before effecting the change, they must apply to the Government.

Shri C. Subramaniam: We are concerned not only with the managing agent, but also with the good management of the company. If a managing agent foolishly enough makes such a change without getting prior approval, what is to happen?

Mr. Deputy-Speaker: The original managing agent will hold office, the change will not be recognised.

Shri C. Subramaniam: But it is stated here "no change in the constitution of the managing agent shall have effect unless approved by the Central Government". Therefore, you are making them no longer managing agents as soon as the change takes place. As soon as that happens, they cease to operate or hold office as managing agents. Therefore what would happen to the company?

Mr. Deputy-Speaker: There is only one way. The hon. Member who holds a prominent place in the profession of law knows that the statute of fraud was enacted to avoid all oral agreements, still frauds are being practised. The provision in the Bill is that you will not effect a change without the previous approval of the Central Government.

Shri Goenka (Madras): And in the meantime...

Mr. Deputy-Speaker: No, there is no "meantime".

Shri Goenka: The managing agent is not necessary, the directors can carry on.

Shri C. D. Deshmukh: The change will come into practice only after the approval of the Government. Tentatively they can effect a change. The

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only point is whether a change has taken place before approval. The case is no change can...

Mr. Deputy-Speaker: Or shall take place.

Shri C. D. Deshmukh: No change shall take place without the approval. Therefore, by definition no change has taken place. Sometimes you may have a change which is unapproved. It is an unapproved change that has taken place. In order to avoid such a change this is provided.

Mr. Deputy-Speaker: This is intended to destroy such changes, not to avoid such changes.

Dr. Deshmukh: The main purpose of the provision is to take away the right to manage the affairs of the company.

Mr. Deputy-Speaker: It is possible that in the interregnum some thing may be provided for and the exception may become the rule and this provision will not be acted upon.

Shri A. C. Guha: I do not press my amendment.

Mr. Deputy-Speaker: The question is:

"That clause 5, stand part of the Bill."

The motion was adopted.

Clause 5 was added to the Bill.

Clause 6.—(*Insertion of new section 87CC etc.*)

Shri Jhunjhunwala: This clause refers to the appointment of a managing agent for the company for the first time after the 21st day of July, 1951. So far as the appointment of a managing agent for an existing company is concerned, the provision is all right. In that case the consent of the Central Government should be obtained before any appointment of managing agent takes place. But suppose a new company is formed after the 21st of July. In that case, in my opinion, it will not be right to take the permission of the Central Government. Of course, under the present circumstances and under the present conditions, whatever permission is necessary for issue of capital and all these things, you have provisions. But so far as the appointment of managing agent is concerned, we know that when companies are formed, the idea is conceived by one man or by a few friends acting together. They conceive an idea and float a company. At that time they appoint a managing agent. That is an incentive to him to form a company. Under this clause I am afraid it would be necessary for him to take a sort of licence from the Central Government in order to float a company. Everyone in the House knows, what it means to take a licence from the Government and whom it will be given. In my opinion it is not right to clothe the Government with this power.

Mr. Deputy-Speaker: The hon. Member was himself a member of the select committee. That was the very object of the Bill.

Shri A. C. Guha: That principle had already been accepted in clause 2.

Mr. Deputy-Speaker: That refers to managing directors. A company can go on without a managing agent but not without a managing director. There even with respect to the appointment of a managing director the House has accepted the position that after the 21st July, 1951, the appointment must have the approval of the Central Government.

Shri Jhunjhunwala: Will it be necessary for one to take the permission of the Government before he floats a company?

Mr. Deputy-Speaker: Why should it be the managing agent that should float a company? A group of seven people may join and promote a company and they need not be managing agents.

Shri C. D. Deshmukh: A managing agent is not a necessary element for the floatation of a company.

Pandit Thakur Das Bhargava: The usual process is that some people confer together that a company should be floated and generally the managing agent is one of them. If the Government takes powers to make the first appointment of the managing agent, it would mean many persons would not be able to form companies unless they had obtained the previous approval of the Government.

Mr. Deputy-Speaker: It is not merely the appointment of a managing agent but the terms and conditions of the managing agency, whether they are onerous or not.

Shri C. D. Deshmukh: There is nothing to prevent them from giving notice to the Government, while the company is being formed that it is their intention to apply for permission to appoint a certain managing agent on certain terms and conditions, on which decision will be given simultaneously without loss of time by the Government.

Shri A. C. Guha: Before a company is registered it is often the case that certain person's or firm's name is given

as the managing agent. The articles of association and the memorandum do mention it. Is it necessary under this clause for the promoters of the company to get the previous permission of the Government to get their company registered with some managing agent? I want the Minister to state what will be the procedure to be followed.

Mr. Deputy-Speaker: Simultaneously with the promotion of a company an application can also be made. Is it not the object of the Bill to prevent managing agents entering into contracts with the sponsors in the initial stages of the company? It is such abuses that are sought to be prevented.

Shri A. C. Guha: I appreciate the object. But what would be the procedure? Before a company is registered the name of a certain firm or person is given as the managing agent. Should they have to apply to the Government and take their permission and then the company is registered or after the registration the managing agency will come in?

Mr. Deputy-Speaker: Registration first and managing agent next. The managing agent is a person but the company is no person until it is registered. The name may be there technically but he would not be the managing agent until the company is registered.

Pandit Thakur Das Bhargava: When the power is there for varying the terms of appointment, why should initial permission be taken from the Government?

Mr. Deputy-Speaker: The managing agent may be appointed for 20 years.

Shri C. D. Deshmukh: It has reference both to managing agents who have passed their shares to somebody else and those of new companies.

Pandit Thakur Das Bhargava: So far as the question of the onerousness of the terms and conditions is concerned the Government has the power to revise them even subsequently. (*Shri C. D. Deshmukh*: No.) Certainly. Under sub-section (5) of the proposed section 153C the terms can be terminated, varied or altered subsequently also. I fail to see why in the initial stages Government should reserve to itself the power of appointment of managing agents to new companies when they are floated.

Mr. Deputy-Speaker: A managing agent can be appointed for a period of 20 years and re-appointment comes in after that. Is it the suggestion of the hon. Member that a managing agent can be appointed under any terms and conditions? If so this Bill will be purposeless so far as new companies are concerned.

Pandit Thakur Das Bhargava: So far as terms are concerned there is power when on a subsequent occasion the Government can alter them.

Mr. Deputy-Speaker: No. He has not correctly understood it.

Shri C. D. Deshmukh: He is referring to proposed sub-section (1) in clause 7 which lays down a special procedure. It is better to prevent an evil from arising than to take recourse to elaborate procedure for correcting the evil after it has arisen.

Pandit Thakur Das Bhargava: My objection is that when a company is floated you do not allow any kind of freedom to the sponsors if you reserve to yourself the right to say that so and so can be appointed as managing agent. When the company is floated the managing agent is appointed according to the desire of the promoters. At that time if you take exception to the appointment of a person being appointed managing agent, it means you are putting an obstacle in the path of the formation of companies, a thing which the country needs very much.

Mr. Deputy-Speaker: Are there not mushroom companies and mushroom managing agents?

Dr. Deshmukh: It does not matter.

Pandit Thakur Das Bhargava: They can be liquidated but no obstructions should be placed in their path, if the terms are not onerous but reasonable. Somebody in the Government may not like a person and permission may be refused to have him as the managing agent.

Mr. Deputy-Speaker: The Government is expected to be reasonable.

Pandit Thakur Das Bhargava: We should see that powers are not concentrated in the hands of particular persons in the Government.

Dr. Deshmukh: My friend is objecting to part (a) of proposed section 87CC. He does not want that there should be any restriction, not only with regard to reappointments but also appointments and remuneration of managing agents. I agree with him that the Select Committee has gone out of its way and has unnecessarily added this portion which relates to the appointment of a managing agent for the first time for a company after the 21st July, 1951. This was not the original intention of the Bill. Objection was taken to the extension of

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period, reappointment or variation of terms but the Select Committee has gone out of its way to put a check on even the first formation of companies, so that without the previous sanction of the Government the promoters cannot do anything with regard to the floating of a company. The appointment of a managing agent for the first time after the 21st July, 1951 shall, the clause says, be void unless approved by the Central Government previously. That means that no company which wants to have managing agents can be floated without the previous approval of the Central Government. That is something which I do not think anybody thought about....

Mr. Deputy-Speaker: The hon. Member's contention is that the Select Committee is not competent to go into this matter?

Dr. Deshmukh: No, no. It is quite competent. What I say is it would have been advisable not to go so far because that was not the original intention. If this is retained it would certainly mean that no company with managing agents can be formed without the previous approval of the Government. And what my friend Pandit Thakurdas Bhargava says is that there may be particular groups of individuals or single individuals with whom the Central Government or any particular officer does not see eye to eye, and merely on that ground or his reputation or previous character the formation of such companies may be obstructed. I do not think that was the intention, and if this contention is agreed to then I think this part (a) should be omitted. I would also urge that in any case, till we have the revision of the Companies Act in conformity with the recommendations of the Expert Committee, I think there would be no harm if this particular provision were held over and not included in this Bill. I think this provision is not desirable under the present stage of our industrial and business development; it is bound to hamper progress and could be used or misused on many an occasion.

Shri A. C. Guha: This provision might lead to administrative difficulties particularly in the floatation of new companies. In our country it is generally the practice that some promoters come forward either as managing director or as managing agent; they invest some money, they take some risk. The question is whether before they get their company registered they will have to take the sanction of the Government if they want to become the managing agents. If that were the case then I think there will be some check on the starting of new companies.

Dr. Deshmukh: Absolute stoppage.

Shri A. C. Guha: If the Government change this provision then the previous amendment accepted by the hon. Minister in clause 2 for the appointment of new managing directors may also have to be revised. If the intention is that whenever a new company with managing agents is floated, prior sanction for the appointment of the managing agents is necessary before the company is registered, I have nothing to say about it, but I think there would be some administrative difficulties.

Shri Goenka: I would like to point out that this matter was thoroughly discussed in the Select Committee, and when we discussed it we felt that very many companies may be floated and spurious terms may be put into the managing agency agreement over which the Government do not have any control. And therefore it was necessary that the Government should have control and should have the right of sanction so that terms which are unconscionable may not be there in the managing agency agreement. For a period of twenty years a managing agency agreement can be entered into by any company. Assuming it is entered into for twenty years on terms which provide for a profit of 20 per cent. to be given to the managing agents *plus* Rs. 5,000 a month, the Government have got no voice whatsoever to stop that agreement. Therefore we suggested that even for the appointment of new managing agents we must see that the terms which the new managing agents get from the new company are reasonable.

Pandit Thakur Das Bhargava: Let the Government take the power of revising the unconscionable terms. I have no objection; but let them not object to the personnel.

Shri Jhunjhunwala: That is my view too.

Shri Goenka: The position is that while under the Act Government have no right whatsoever to revise any terms of a managing agent if he has entered into a managing agency agreement for a period of twenty years as permitted under the Companies Act...

Dr. Deshmukh: You have gone too far all of a sudden.

Shri Goenka: May be, but we have gone too far in the interest of the shareholders and the investing public. If there had been no complaint from

the investing public with regard to the managing agency system this amendment will not be here before the House. The fact that this amending Bill is before the House is due to the managing agents playing ducks and drakes with the finances of the shareholders, the ignorant shareholders. Therefore this amendment has been brought in.

Dr. Deshmukh: The share-holders are not in all cases so ignorant as my hon. friend thinks.

Shri Goenka: If you go on interrupting and if you do not agree you are at liberty to do so but the fact is that the Select Committee did feel the difficulty that is presented once a company appoints a managing agent for a period of twenty years on any terms they like. What happens is that when a prospectus is issued nobody goes into the minutest details; the company will say that the managing agency agreement is filed and anybody who wants to see the managing agency agreement may come to the registered office of the company and look into it. Nobody looks into it, nobody knows what is in the agreement. Therefore, what happens is that ignorant people, people who go on the basis of these prospectuses invest money and find one fine morning that the money is actually taken away by the managing agents. For instance, before a company goes into production—some of those companies take five years to go into production—the managing agent goes on getting his monthly sum of Rs. 3,000; he gets it whether there is production or not, whether there is any profit or not, whether there is any dividend left for the shareholders or not. And by the time the five years elapse they take away two lakhs of the shareholders' money before the shareholders know where they are. To prevent all this mischief power has been given to the Central Government. Why should anybody suggest that even in a case where the managing agency agreement is a proper agreement and where the people concerned are reasonable people the Government will not give the permission? After all, if you take it that the Government will not use their powers judiciously, if you do not trust the Government, then that is the end of the Bill. We are entrusting the Government with various powers; those powers have been given to the Government and we expect Government will use those powers judiciously. In days like these I do feel it is very necessary, in the interest of the investing public, of the shareholders, that Government should have power to scrutinise the managing agency agreement and the persons who enter into the agreement and the general finances of the company, before such sanction is given to float the company. I think it is a very salutary provision and there should be no objection.

Shri Syamnandan Sahaya (Bihar): The whole question, in my opinion, has been discussed round the words "appointment of a managing agent". The purpose of the Bill as introduced, and if I am not mistaken the purpose of the Select Committee also, has been to scrutinise and keep in check the amounts which the managing agents are to receive. Now, if the hon. Minister, and if you, Sir, agree, if we put the words "terms and conditions of a managing agent" instead of "appointment of a managing agent" then the argument of Mr. Goenka also is fully met because he himself said that it is not the personnel which really is concerned.....

Prof. Ranga (Madras): Why not that also?

Shri Syamnandan Sahaya: .....but the terms and conditions.....

Shri Goenka: I did not say that. I said the persons and the terms and conditions.

Shri Syamnandan Sahaya: So, you have your objection against the personnel also? That means that although the company is floated by somebody the personnel for the managing agency will be fixed by the Government. I am surprised at this assertion.

Shri Goenka: You are misinterpreting me.

Shri Syamnandan Sahaya: My suggestion is that instead of the words "the appointment of a managing agent" the words, "the terms and conditions of a managing agent" may be substituted. That will meet the point. It will read:

> "The terms and conditions of a managing agent.....shall..... be void unless approved by the Central Government."

Mr. Deputy-Speaker: We will assume a bogus partnership. Hon. Members are forgetting that this is not a private limited company. That has been excluded. A private limited company can be managed by a private managing agent. It is their look out. But when once the shares come into the share market, it is the public that are the financiers. Let us assume that some how or other the promoters enter into a contract with a mushroom company. There may be mushroom public limited companies, mushroom private limited companies and more so,

[Mr. Deputy-Speaker]

mushroom partnerships. If the hon. Member feels that the affairs ought not to be scrutinised and the public's money should be spent away for a period of twenty years, I may remind him that by that time the horse would have bolted away.

Shri Syamnandan Sahaya: There is supervision.

Mr. Deputy-Speaker: I know there is a section of opinion which says that the managing agent is sacrosanct and ought not to be touched. I would suggest to the hon. the Finance Minister, even if it takes some time, to give a number of illustrations and show what exactly is the need for this Bill and even for this sub-clause. I am making this suggestion because there is some misunderstanding that somehow this has been introduced in the Select Committee without any warrant for it.

Shri C. D. Deshmukh: That is what I was going to do. I shall first deal with the suggestion made by the previous speaker. That suggestion cannot be acceptable because we are dealing with the constitution and therefore the identity of managing agents in many of these clauses. Therefore, to say that where a change has taken place we shall take precautions but where a new managing agent who might be undesirable is coming for the first time we shall wait till he proves his undesirability seems somewhat too generous.

Shri Syamnandan Sahaya *rose—*

Shri C. D. Deshmukh: I got the hon. Member's point. He said that so far as the personnel are concerned Government should not interfere; but so far as the terms of appointment and the other conditions are concerned Government should interfere. I say that a managing agent becomes undesirable not only because of his terms or because of his remuneration, but because of what he is. If you have a good managing agent, it does not matter if you have him for ever or even if he exacts a good price for his management. The essential difficulty is about the character of the managing agents and therefore the character of the management. I have here about 100 cases and these are only samples—probably a representative sample—where various acts of misdemeanour have taken place as a result of bad managing agents. One category is that of borrowings made for exchange banks, that is to say, not for the purpose of the business.

Mr. Deputy-Speaker: Can we have one or two instances?

Shri C. D. Deshmukh: I cannot give names.

Mr. Deputy-Speaker: I think in one case the company money was used for celebrating the marriage of the managing agent's son. So, although names need not be given, the objects for which monies were misappropriated may be given.

Shri C. D. Deshmukh: These are really misappropriations of money for purposes other than the purposes of the company itself. In one case Rs. 55 lakhs were lent to private parties without security for purposes not connected with the legitimate purposes of the company which in this case was a mill. I have got details of twenty-four such cases here.

Shri Syamnandan Sahaya: Was all this money recovered or lost?

Shri C. D. Deshmukh: It is in jeopardy. Some of it may have been recovered, but most of it is in jeopardy.

Pandit Thakur Das Bhargava: Is this the list of No. 10 *badmashees* who will not be allowed to float companies in the future?

Shri C. D. Deshmukh: What is No. 10, Sir?

Ch. Ranbir Singh (Punjab): No. 10 is a criminal list. But should there not be legal provision to check the criminals?

Shri C. D. Deshmukh: I request, Sir, that I may be allowed to develop my point. I have already mentioned 24 cases of lending money to private parties without security for purposes other than the company's purposes. Then there are five cases of issue of debentures and mortgages made for financing and nursing advances or investments in other concerns. Then there are cases of non-trading advances to nominees or to unknown parties. Then there are loans or advances to managing agents or directors or companies including those on current account. There is quite a large of them—about 22 such cases. Then there is inter-locking or inter-company loans and advances. There are 17 such cases. Then there is inter-locking including loans from borrowed funds or by increase of share capital. There are 31 such cases. Withholding of details regarding investments or debentures etc.—15 cases. Payment of commission to managing agents or allied organisations as buying or selling agents on unconscionable terms—eight cases. Accumulation of unrealised book debts from allied firms or companies—seven cases.

Shri Bharati (Madras): What are the amounts involved? That would

give an idea of the magnitude of mismanagement.

Shri C. D. Deshmukh: There are several lakhs and lakhs involved.

Pandit Thakur Das Bhargava: Have these been investigated, or are they only complaints?

Shri C. D. Deshmukh: They have been investigated. We have substantial proof that these things have occurred. In many cases we have reports of the auditors.

Shri Khandubhai Desai (Bombay): I hope everybody knows this. It is very surprising that my hon. friend is quite ignorant about this.

Shri C. D. Deshmukh: I now come to the appointment of managing agents. There, you have cases of appointment of managing agents where there were none—new managing agents. I can read the details. The name of the company is X and the name of the managing agent is Y. As soon as the managing agents were appointed in 1946, they resorted to a number of unsound methods and practices, appointing themselves as purchasing agents of the company in England and appointing their own people as selling agents. By 30th June, 1947 the new managing agents had already borrowed large sums of money from banks by pledging the company's assets, while at the same time advancing huge sums on current account which were unsecured. These advances were on *sharafi* account. About Rs. 12 lakhs were advanced to two parties at places Z, while Rs. 38 lakhs had been advanced in this way to six parties having their addresses at some other place, W we shall say. In the course of 1948, a further sum of Rs. five lakhs was advanced to sundry parties. Thus after the new managing agents acquired control, Rs. 55 lakhs were advanced to private parties without security while simultaneously large sums were borrowed from banks by pledging the company's assets.

Shri Bharati: Both ways?

Shri C. D. Deshmukh: Yes, it was a both-way traffic.

Shri Goenka: Were not the parties also imaginary?

Shri C. D. Deshmukh: I imagine they were.

Mr. Deputy-Speaker: In the places where their addresses are given they are not available.

Shri C. D. Deshmukh: In another case, which is also a mill, soon after acquiring the managing agency the new managing agents resorted to numerous unsound methods. One such practice was advancing the company's money for non-trading purposes to unknown parties. In this case it is definite. We know that the parties are unknown. Rs. three lakhs and 59 thousand were advanced to a gentleman who happened to be the father of a director—it is a touching case of filial love! Rs. one lakh and 95 thousand were advanced to some other concern and Rs. 14 lakhs to another firm which had business dealings with the managing agents. So, nearly Rs. 20 lakhs and 63 thousand were advanced by the new managing agents as loans without security to parties in whom the managing agents were interested or with whom they were connected. Here are another two cases. In or about 1946, a certain company purchased the holdings belonging to or under the control of a very good management for a fabulous sum, believed to be Rs. three crores. Hitherto the company had no managing agents. But the purchasers promptly got themselves appointed as managing agents for twenty years on a handsome remuneration and commission. Later some of them retired receiving a substantial amount from the other group—the rival group. The management was thus vested in one of the groups who are now in sole possession of it. The company has been saddled with a managing agency for twenty years involving payment of heavy remuneration and additional commission. The managing agents appointed themselves as selling agents also and the large financial resources of the company.....

Dr. Deshmukh: Why not give the names, since investigations have been made into them? They are not protected by the Income-tax Act. It will, therefore, be a social service to give the names.

Mr. Deputy-Speaker: Of course we do not stand for screening the black-sheep. The one sole object of the hon. Minister as well as of the House is to see that legitimate enterprises are not blocked. But the hon. Minister finds from previous experience that in the name of legitimate interest many a person take undue advantage. Therefore, the balance of convenience is in favour of even looking into the terms of conditions as also of the personnel who are entrusted with the management of public companies.

[Mr. Deputy-Speaker]

I would however like to mention that if the hon. Minister had enlightened hon. Members with all these facts earlier he would have received unstinted support and wholehearted cooperation from them.

Shri C. D. Deshmukh: I said a lot when I moved my motion.

Shrimati Durgabai (Madras): May I ask a question of the hon. Minister?

Mr. Deputy-Speaker: I am prepared to make an exception in the case of lady Members.

Shrimati Durgabai: That I do not want. I want to ask, not under exception but in my own right. Hon Members will be more convinced if the hon. Minister makes it clear to the House the kind of action which Government propose to take against all these persons?

Shri C. D. Deshmukh: If the Bill is passed we shall have power to initiate proceedings. We shall pick out some of the more glaring of these cases and see if anything could not be done to remedy this state of affairs. Some of them are four years old. The process, of course will be gradual.

I was going to add that these one hundred cases involve about forty different groups of managing agents. There is no statutory objection to my giving out the names, but I think it would be for the Commission not to be prejudiced by the giving out of names in a place like Parliament. Although they are based on substantiated information in our possession, I think we ought to preserve the fairness and equity of the dealings of the Advisory Commission and that is my only reason for not giving out the names here.

Dr. Deshmukh: I hope none of these find a place on the Advisory Commission.

Shri C. D. Deshmukh: I can assure the hon. Member that they do not.

Mr. Deputy-Speaker: The question is:

"That clause 6 stand part of the Bill."

The motion was adopted.

Clause 6 was added to the Bill.

Clause 7.—(*Insertion of new sections 153C etc.*)

Shri A. C. Guha: I beg to move:

In page 4, line 23, after "Central Government" insert "or the Advisory Commission".

I want that the Advisory Commission should be given wider powers. The Board of Trade in the United Kingdom has got very wide powers and I find that the Law Committee have also suggested that the Commission should have more powers than they have at present.

Mr. Deputy-Speaker: The Advisory Commission is a purely advisory body. The Central Government has to initiate action. It is not proper for an advisory body to start proceedings.

Shri A. C. Guha: Under the existing Indian Companies Act also the shareholders have certain powers to refer cases to courts, though that provision was hardly used.

Mr. Deputy-Speaker: If a lawyer is consulted for advice with regard to some technical matter, is it the intention of the hon. Member to say that the lawyer should file the suit and not the Central Government? Likewise there is an Advisory Commission. Its functions should be purely advisory.

Shri A. C. Guha: I feel that it should be armed with executive powers also and I have some amendments to that effect.

Shri C. D. Deshmukh: This amendment is quite unnecessary and is not acceptable to Government, because as you said, Sir, the initiative of applying to court must lie with the Central Government. The hon. Member wants a change in the character of the Advisory Commission—a scheme which is not acceptable to us.

Pandit Thakur Das Bhargava: Is any appeal provided against an order of the court contemplated in clause 7?

Shri C. D. Deshmukh: No appeal is barred.

Shri Khandubhai Desai: There is enough scope for delay and mismanagement for some years!

Dr. Deshmukh: I beg to move:

In page 6, after line 37, add:

"(11) The Court, acting under this section may, before proceeding to investigate into any application under this section or after, demand any security from the applicants or non-applicants, and may, in its discretion hold the enquiry *in camera*.

It shall have the right to forfeit to Government any security or part of a security demanded from any party where the court holds the application as frivolous and *mala fide*.

The Court may also award damages and costs."

The purpose of my amendment is fairly obvious. The court in this Bill is defined as "a court having jurisdiction under this Act." That is to say it would be any court and not necessarily a district court. I would have preferred cases under this Bill being made triable by a court of sufficiently high status. If that is not acceptable, I would at least like that there should be some check on frivolous applications coming up before the courts, because it is likely to affect the interests of the very same shareholders, a group of whom has set out to mend matters. I would like to point out that this is somewhat a double-edged weapon. It can also be utilised for a malicious or a *mala fide* purpose. Since we have stated the number of people requisite for making an application and since it is neither very substantial nor very large and since we have also given the Government the power to apply to a court, although I do not feel that the Government would be mis-using that power, I think it is very necessary to provide a check in the case of other applications. Actually this would be a sort of a deterrent for any group of persons to start an investigation or an enquiry into a company which is fairly well managed. There may be all sorts of motives. It may be a sheer case of blackmailing. I think there should be adequate protection to those who have not misbehaved and I think the sort of provision I have suggested would be necessary.

I have also suggested that there should be a provision for enquiry *in camera*. If the allegations are false and unfounded it is likely to ruin the interests of the company and everybody. So from that point of view and inasmuch as these are special proceedings which are likely to affect the interests of everyone concerned and the the companies. I think it should be possible for my hon. friend to accept this amendment. Otherwise, there are all sorts of people among the shareholders also. I do not think my friend Mr. Ramnath Goenka, who is advocating the cause of the shareholders so vehemently, would say that every shareholder is necessarily honest and straight forward. There are bad people among them also. They have their own axes to grind. It may very well be that honest people come to grief or that good managing agents suffer simply because they want to snatch their powers and functions away or get some relations appointed and things like that. It may be that they are actuated not by very laudable motives. I would have in fact gone further and suggested that there should be a penal provision if there is an allegation which is not well founded. I hope the court will utilise the ordinary power of prosecution against those who are making allegations without foundation. Even if we do not go so far as to have a penal clause, I think this amendment would be a good deterrent against any group of people who merely want to be mischievous.

Mr. Deputy-Speaker: Are not winding up of proceedings more serious? In winding up proceedings are there such penal provisions preventing any particular person from filing a petition? One shareholder can do so. Is it not intended to prevent such drastic remedies as winding up proceedings and making it more easy? A hundred persons have to be here, or at least one-tenth of the number of members. Those are all the restrictions. The hon. Member will kindly consider all that. I shall just have the reaction of the hon. Minister before I place it before the House.

Shri Goenka: Sir, may I say a word? Under the present Companies Act a single shareholder, if he has the hardihood and the money behind him, can go before the court with a winding up application. And if the court is satisfied that it is just and proper that a winding up order should be made, it is made on the application of a single shareholder although it is made as a representative one. Here instead of one single shareholder we have provided ten per cent. of the shareholders. That is one safeguard.

My friend was talking of consequences. If any vexatious application is taken, the party can file a suit of damages against the persons concerned. When ten per cent. of the shareholders have to go before the court, then certainly the damages can be realised from those ten per cent. of shareholders much more than they can be realized from one single shareholder. Therefore all possible safeguards have been made. In regard to vexatious, frivolous or *mala fide* application, the law is there and the penalty is there. Therefore there is nothing to fear.

Apart from that there is one thing more. My friend says that security should be demanded. People do not go to court at present because it is a very costly affair. A shareholder having, say, a share worth Rs. 1,000 in a company does not think it worth while to spend Rs. 10,000 to get justice

[Shri Goenka]

rendered to the shareholders or to himself. My friend wants that not only should the persons concerned pay the costs and they should go to a court of law, fight out a litigation which will involve expenditure of large sums of money, against very powerful vested interests, but also that they should be made to pay a security in advance.

Dr. Deshmukh: If the court deems it necessary.

Shri Goenka: Unless the case goes before the court and it enquires into the matter it cannot say whether the application is frivolous or not. After all a lot of evidence has to go before it. At what stage will the security be demanded? I therefore feel that the present clause as it is should be accepted and that more onerous conditions should not be placed upon the people.

Shri C. D. Deshmukh: I can only characterise the attitude of the hon. Member as pessimism *par excellence*. You will recall that in the Select Committee we inserted the provision permitting the Central Government to apply, because we thought that we had so restricted the rights of the shareholders to apply that there was a danger of their not taking advantage of this provision. Now it all depends on what your fundamental assumption is. If you feel that the probability is that the shareholders will not collect together and take concerted action in order to put in an application, then the scheme that we have put forward is preferable. But if your assumption is that the shareholders are standing on tip-toe in order to bring offending managing agents to justice, then only will a provision such as the hon. Member has suggested become necessary. My assumption is of the former kind. I therefore think that all these rigorous provisions, apart from the question of their feasibility, are unnecessary.

There is the further point, and that is the court would have to consider whether security should be demanded from the Central Government. That, I think, would create a very anomalous position and it might discourage the Finance Minister from taking the sort of action which he was urged to take about ten minutes ago.

Dr. Deshmukh: Not necessarily. There is no fear of that.

Shri C. D. Deshmukh: Apart from that, under the Companies Act it is the High Court which has jurisdiction in this matter, unless the district judge has been notified as having the jurisdiction. As you will see at the end of the clause the procedure will be that which is applicable under the winding up procedure. It is open to the court to give exemplary costs where as a result of investigations it comes to the conclusion that the application was frivolous. I consider that in all the circumstances an amendment of this kind is not really necessary.

Shri A. C. Guha: I do not press my amendment.

Dr. Deshmukh: I also do not press my amendment.

Mr. Deputy-Speaker: The question is:

"That clause 7 stand part of the Bill".

The motion was adopted.

Clause 7 was added to the Bill.

Clause 8.—(*Insertion of new section 289B etc.*)

Shri A. C. Guha: I beg to move:

In page 8, after line 14 add:

"Provided that the Commission shall submit its final advice to the Central Government within three months and the Central Government shall issue its decision within thirty days from the date of receipt of the advice from the Commission".

11 A.M.

There is no time limit fixed for the Advisory Commission to give the recommendation. The whole thing will be in a state of suspense till the recommendation is made. So, I think that some time-limit should be fixed for the Advisory Commission to submit its report. Otherwise, the management of the company will be in a stalemate and this would hamper the smooth running of the company. My suggestion is that a time-limit should be fixed for the Advisory Commission to give its recommendation and then the Central Government has to issue its orders. A similar condition has also been imposed in the case of the Tariff Commission and here also, I think a condition like that should be imposed.

Shri C. D. Deshmukh: Our experience so far has been that applications are disposed of in a matter of days rather than months. In the exceptional case that might arise, it may be within the power of the offending managing agents or company to delay the supply of information so that they might escape from the coils of the safeguards

which we have laid down. I do not therefore think that any real advantage is to be gained by fixing a rigid time-limit, especially as our experience points the other way. If we find or if the public finds that there is unreasonable delay or any unconscionable delay in the disposal of applications then we shall consider whether in order to prompt the Advisory Commission some time-limit is necessary but the two parties involved are the Central Government and the Advisory Commission and I think the matter might safely be left to their sense of promptitude.

Shri A. C. Guha: Is the hon. Minister in a position to say that all applications for capital issue are disposed of within days and are there not cases which have been pending with the Government for months?

Shri C. D. Deshmukh: All I can say is that the capital issue raises an issue of a different order. They have relation to the general economic conditions in the country. They affect enquiries in regard to the economic possibilities of a business especially if it happens to be an application from a foreign concern. All those will not arise here. The issue that will arise here will be a stringent one of how the company is being managed. I do not think that one can argue from one set of circumstances to another and in support of this suggested amedment.

Shri A. C. Guha: I do not press the amendment. Now sub-section (4) of the proposed section 289B says:

> "Before any application for approval is made to the Central Government, there shall be issued by or on behalf of the company a general notice to the members .....one in the principal Indian language of the State and once in an English newspaper etc."

There should be a provision that individual notice should be given to the shareholders. Otherwise, the shareholders may not know whether any such change is going to take place. What is provided is "only once in an Indian newspaper and once in an English paper of that region". I want that individual notice should be given to the shareholder.

Mr. Deputy-Speaker: Before the application for transfer no change in the constitution or in the terms of managing agency can be done except with the approval of the shareholders. The Members here are shareholders. When approval is sought for any change is it necessary to have a general meeting of the shareholders where it ought to be approved?

Shri A. C. Guha: If you could have relied on the general meeting, then why is the approval of the Central Government sought? Why is the condition of sending notices to the members? The general meeting of the shareholders may pass anything. But then why is the approval of the Central Government insisted upon?

Mr. Deputy-Speaker: It is the shareholders who appoint the directors and they approve of the contract between the managing agent and the company. This Bill imposes a restriction that the contract should be approved by the Central Government on the advice of the Commission. The company itself is a party through its managing agent. A general notice of that kind is enough. What is the need for sending individual notices to shareholders?

Shri A. C. Guha: Here it has been specifically mentioned that general notice is to be issued to the members indicating the nature of the approval. My suggested amendment is that this notice should be effective. If you provide for a general notice to the shareholders, then the notice should be effective and individual and not only that copies of the notice as published only once in any Indian language paper and only once in any English language paper shall be attached to the Commission for approval.

Shri C. D. Deshmukh: If the hon. Member is not satisfied with the publication of notice once, he might say that it may be twice but to say that it should be sent to every member would be impracticable.

Pandit Thakur Das Bhargava: According to the articles of association of many companies there exists a general provision that a notice addressed to a member may be taken to have been served if it is sent to him in ordinary course at his address. I think that individual notice is necessary. The clause speaks about publication in an English newspaper but who reads an English newspaper?

Shri A. C. Guha: Government too desires that there should be general notice. I say that if there should be notice, then that notice should be effective and it cannot be effective unless it is sent to individual members. There is no harm in doing this.

Mr. Deputy-Speaker: As some hon. Members said this approval itself is going to be a handicap but we are putting a further handicap before an

[Mr. Deputy-Speaker]

application for approval is made, by saying "there shall be issued by or on behalf of the company a general notice". This means that it will be delayed perpetually.

Shri A. C. Guha: Notices will be sent in two or three days.

Shri C. D. Deshmukh: As such general notice has to be issued and this clause provides for publication of that general notice in the newspapers.

Mr. Deputy-Speaker: They want individual notices to all the shareholders. What the hon. Member means is that some people may manage to have a managing agency and then seek the approval of the Central Government. He says that general notice may not be enough but individual notice ought to be sent to the shareholders.

Shri A. C. Guha: I can understand if there is no notice. If Government thinks that there is a necessity for a notice to be issued to the members, then it should be effective and it should be an individual notice.

Shri C. D. Deshmukh: In the case of a general notice of a company there are thousands of companies and each issues its own notice. Suppose we start proceedings in a large number of these cases. I fear there will be a terrific number of individual notices to be issued.

Mr. Deputy-Speaker: The application is not by the Government. That shall be issued by or on behalf of the company before they apply for approval of the Commission. The company shall issue notice to its members.

The Minister of State for Transport and Railways (Shri Santhanam): The actual words are "there shall be issued a general notice to the members, and such notice shall be published in the principal Indian language". So there are two things. General notice shall be issued to the members...

Mr. Deputy-Speaker: What is the meaning of general notice?

Shri Santhanam: It will be in accordance with the rules under the Company law. Besides issuing a general notice, that notice shall be published in the newspapers. Therefore, whatever is applicable to general notices of other kinds will be applicable to this general notice.

Mr. Deputy-Speaker: Why not then omit the word 'general'? A company has got its own articles of association and rules of procedure. In whatever way, the company reaches the shareholders, the word 'general' may be omitted. Let it be "there shall be issued by or behalf of the company a notice to the members indicating the nature of the approval sought". It is their look out to give notice.

Shri A. C. Guha: Then, I would suggest that such notice shall also be published in the papers, that is, to add the word "also". Otherwise, the second clause may be taken a simply explanatory of the former clause.

Shri Ramalingam Chettiar (Madras): I fear the position is not understood. First there is a change in the articles of association or in the agreement which has to be approved by a general body of members. For that purpose, individual notice is given to every member. It is passed by a general body. After it is passed by a general body, application is sent by the managing agent or managing director to the Government for approval. The application alone is now published in the newspapers, the purport of which has been already approved by a general body of members to whom individual notice has been served. I fear that the purport of the general notice is not understood. Members have had notice of the motion and they have approved of it already.

Mr. Deputy-Speaker: The members as a whole are the applicants.

Shri Ramalingam Chettiar: Not the application. The matter to which the application relates has already been approved by the general body. It is only on that approval that the application is made.

Mr. Deputy-Speaker: That is what I said. It is not necessary. They are the applicants.

Shri A. C. Guha: What is the necessity of having the notice published again? Because, the interested parties are only the shareholders and they have already passed it in the meeting. What is then the necessity for publishing the notice with the application for approval?

Shri C. Subramaniam: It is not a matter between the applicants and the Government alone. Anybody interested in the affairs may make a representation to the Government. That is why general notice is mentioned here. I think there should be a general notice also so that anybody interested may make suitable representation to the Government or the Advisory Commission.

Mr. Deputy-Speaker: The question is whether the word 'general' should be

there or not. What is the general notice?

Shri Ramalingam Chettiar: Calling for any objections.

Mr. Deputy-Speaker: Later, the clause says, published in the news papers, etc. What is the form of a general notice? General notice may be by putting a notice in the notice board of the company. That must be general notice. Inasmuch as every individual shareholder, before the articles of association are changed or the terms of the contract have been changed, would have had notice, this is a formal affair, inviting objections if any. I think general notice is enough. I leave it to the hon. Minister.

Shri C. D. Deshmukh: I should think so.

Shri A. C. Guha: What is the opinion of the Finance Minister, Sir?

Mr. Deputy-Speaker: The general impression is that this need not be changed. Individual notice will be cumbersome and it will stand in the way of expeditious disposal of this application for approval.

Shri A. C. Guha: All right; I do not press it. I have another amendment. I beg to move:

In page 8, line 26, add at the end:

"and the members shall be entitled to send their opinion or remark on such application to the Commission within thirty days from the date of receipt of the notice."

It is provided here that members should get notice as regards the nature of the approval sought. If members are to get notice, they should also have the right to send their remarks to the Commission. Otherwise, what is the purpose in sending notice to them?

Dr. Deshmukh: They are entitle to do so even without a provision.

Mr. Deputy-Speaker: It is always meant that when a person is given notice, he can make any representation. It is not barred by statute.

Shri A. C. Guha: There should be some time-limit. It cannot be open for six months or one year. The members should also know that they should send their opinion or remarks within a certain period.

Mr. Deputy-Speaker: Let us take the other case. One month may be a limitation for sleeping members, if statutorily one month is provided. Suppose he writes after a month and ten days. He cannot be heard. They want some flexibility.

Shri A. C. Guha: That is why I said 30 days. The Commission should also finish its work within a fixed period. The members should also send their opinion in a reasonable period.

Mr. Deputy-Speaker: I think some amount of flexibility is necessary.

Shri C. D Deshmukh: It is likely that it will delay automatically by one month in every case whereas it may be that some cases may be disposed of almost immediately.

Mr. Deputy-Speaker: I do not think this is necessary.

Shri A. C. Guha: I do not press it and in view of the fact that the hon. Minister has stated previously that he is not willing to give wider powers to the Commission, I do not like to move the other amendment.

Mr. Deputy-Speaker: The question is:

"That clause 8 stand part of the Bill."

The motion was adopted.

Clause 8 was added to the Bill.

Clause 9 was added to the Bill.

Clause 1 was added to the Bill

The Title and the Enacting Formula were added to the Bill.

Shri C. D. Deshmukh: I beg to move:

"That the Bill, as amended, be passed."

Mr. Deputy-Speaker: Motion moved:

"That the Bill, as amended, be passed."

Hon. Members will be short and brief; there are other Bills.

Shri Jhunjhunwala: I do not know whether there is anybody in the House who is not aware of these evils which are prevalent in the various companies, and that the present managing agents are taking undue advantage of the shareholders and other contributions and they are cheating the public. I do not think there can be any two opinions about this that all these evils should be rooted out as soon as possible. As a matter of fac.. I would have liked that some summary powers should have been given to the Government to uproot these evils as soon as possible rather than adopt a long procedure. We have adopted a long procedure in having an Investigating Commission. What has been the result? The result has been just the reverse.

Shri M. P. Mishra (Bihar): You mean the Income-Tax Investigation Commission?

Shri Jhunjhunwala: With Shri Chintaman Deshmukh as our Finance Minister assisted by the hon. Shri Tyagi, I am sure that some steps should immediately be taken to see that at least the managing agents realise that no such evils and misdeeds will be tolerated by the Government. But, my only apprehension is whether the Government is capable of doing it, and whether the past experience shows that. I am sure, as I have said, that though this might not have happened in the past, with Shri Chintaman Deshmukh and Shri Tyagi this will be done now. In the past our experience has been that instead of rooting out the evil, the evil has taken such a deep root that it has become impossible to uproot it as the evil doers get the Stamp from the Government. Everywhere there is a cry of corruption and corruption in administration. This corruption should be removed. I wish and hope that instead of making the roots of this evil stronger, these evils will be uprooted as soon as possible. If I have made any criticism, it is not that I do not accept the statements of the Finance Minister regarding the existence of these evils or do not want these evils to be uprooted or that I want these evils to continue. But, feeling the difficulties of the Government in discharging the responsibility they take and feeling that the dishonest managing agents because of their pull in the Government Officials get stamp of honesty and that the honest people do not get justice in the Government, I had made certain remarks. I wish every success to this Bill.

Shri Khandubhai Desai: I welcome the enactment of this particular law. I do so not because it will put a final end to all the evils which the hon. the Finance Minister placed before the House this morning, but because it is a departure from the hitherto followed policy of *laissez-faire*. I know there will be legal talent enough to find out ways and means of evading most of the clauses that the hon. Minister has put in this Bill, but...

Shri Sondhi (Punjab): Has he taken the hon. Member into his confidence?

Shri Khandubhai Desai: But there is one clause which if utilised properly, will put some check on these evils, and that is clause 7 where the Government takes the initiative to move the court in lieu of winding up to find out some alternative arrangement so that production can continue As far as the power given to ten per cent. of the shareholders is concerned, I feel that it will hardly be utilised. Ten per cent. of the shareholders may combine and put in an application, but as it happens in most of the industrial areas, after putting the application, within a couple of months, one does not know how, all the applications are withdrawn. So, if the evils that have crept in the management and control, particularly during the war time, are to be curbed, and curbed in the interest of the economy of the country and in the interest of production and in the interest of everything that we hold dear, I think immediately these powers are assumed, the Government must make an example of some of the managing agents from the list which the hon. Minister has laid before us.

Shri Sondhi: And start with Ahmadabad.

Shri Khandubhai Desai: You may start with Ahmadabad, you may start with Calcutta, or Bombay or Kanpur. But I think the best thing would be for him to select two or three such estimable persons from every centre and make examples of them so that managing agents and the managing agency system may be cured of the present ills.

I found that many hon. Members were praising the managing agency system, as if this system had done everything good. Some of them said that there are good managing agents too. Well, from my own experience as the president of a particular organisation, I have to come in contact with so many managing agents and I have also had occasion to study their balance-sheets etc. and unfortunately I have come to this conclusion that a good managing agent during the last ten years is rather the exception than the rule. I am making this statement with all the responsibility at my command and if need be, I am in a position to place before the House and the Government many other cases of financial mismanagement by the managing agents that are going on in a good number of mills. I will cite just one example. During the recent discussion on the payment of bonus to workers in a particular centre, three or four mills were supposed to have made a loss and so the workers were deprived of their bonus. The court had declared that these three or four mills should be excluded from the payment of bonus to their workers. These are textile mills and you know that to-day the textile industry is being controlled. The.....

Shri Sondhi: The Ahmadabad mills?

Shri Khandubhai Desai: All the mills. Well, the price of the finished product, the cloth, is controlled. They get a fixed price, whatever the quality of the cloth. The price of cotton—the most important raw material—is controlled. Wages are standardised. Under these circumstances, I cannot understand how a mill of the same capacity makes a profit of Rs. 40 lakhs and another incurs a loss of Rs. four lakhs. The obvious conclusion that one has to make is that about Rs. 30 to 35 lakhs must have been fraudulently misappropriated. Otherwise there is no reason why, with the price of the finished product controlled, with the price of the main raw material controlled and the wages standardised, there should be this much of difference between one mill and another. The *prima facie* case that is made out is that there has been mismanagement.

I am really very glad that for the first time Government is assuming powers which, I think, would not be left only on the statute book to be exercised only next year or the year after. In my opinion, it should be exercised immediately so that this may, as some people here said, instil into the minds of the bad managing agents the fear of God.

This is the first departure that Government is making in dealing with private enterprise as far as this country is concerned and the managing agents must realise that they are here not as private individuals who can exploit the country, but are here as the real trustees of the shareholders as far as this company law stands. And just as a trustee who has mismanaged a trust is sent to jail, even a provision for putting such people into jail will be welcome.

For all these reasons I support this Bill. I do not think that it is conclusive, but as I said in the Select Committee, it is simply exploratory. The Government must find out means to deal with 80 per cent. of managing agents. I again make the statement that good managing agents are the exception and bad managing agents are the rule. So if you want to improve society, if you want to improve the morale of society, I think a good example should be made of the bad managing agents. The few managing agents are demoralising society because they are so much in contact with the outside public that they demoralise every other profession and everybody concerned. They are at the root of the demoralisation that is in the country.

I wholeheartedly support the Bill.

Shri C. Subramaniam: I welcome this Bill not merely because of the provisions it contains, but as a forerunner of things to come. The hon. Member who just now sat down has rightly said that this House should not go under the impression that by enacting this law we are putting a check to all the evils which were referred to by the hon. Finance Minister. This Bill is a temporary measure and he has correctly characterised it as a first-aid measure, to check certain unhealthy and dangerous tendencies that are exhibiting themselves, such as the cornering of shares and the trafficking in managing agencies. But these are only symptoms of a deeper disease and unless we understand the real nature of that disease and the extent to which it has corroded the entire system, we will not be able to apply the right remedy. When Prof. Ranga spoke the day before yesterday, he said that he had been opposing this managing agency system even sixteen years back. I am prepared to say that he was doing a wrong thing then. He was at least ten years in advance of his time. I am prepared to say that the managing agency system has contributed to a very great extent towards the development of industries in this country. I come from Coimbatore district, where within the last two decades the textile industry has developed to such a large extent that it has earned the name of the Manchester of South India, if not of all India. If you study this development you will find that it was largely due to the enterprise and zeal of managing agents. I know very well how they went from door to door to collect shares and with what great difficulty they were able to raise loans and put up the mills. Unfortunately for them, they began the working of the mills during a period of depression and I know of cases where they had to borrow money on their personal security or even in certain cases pledging their properties in order to start the working of the mills. I know also of instances where they voluntarily gave their commissions to which they were lawfully entitled for the purpose of giving a small dividend to the shareholders. That was the state of affairs till the war boom came. That made all the difference. The industries began to make huge profits and when the controls came, apart from the legitimate profits which the companies were making, the managing agents and the people in charge of the management of the mills had a vast field to make illegitimate profits. I do not blame them for it. I do not know how many of us would have

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resisted the temptation if we had been in their places...

Shri Sondhi: A big question mark.

Shri C. Subramaniam: I do not know whether some of the Members are feeling jealous of them or irritated that they also did not have the same opportunities. Therefore let us not...

Mr. Deputy-Speaker: Order, order. I cannot allow that aspersion. When we are dealing with managing agents to say that others in this House are feeling jealous of the position of managing agents is very inappropriate.

Shri C. Subramaniam: I am sorry. If that is so, I withdraw it. Leaving alone the Members, how many outside among the public would not have misbehaved if they had been placed in the same situation? Let us not blame the individuals. Let us look at the system which has given scope for these people to play ducks and drakes. Therefore, if for an honest managing agent his agency is valued at X for the dishonest managing agent the value is hundred times X. Because of their dominant position in the company they are able to make huge illegitimate profits and they need not share that income with my hon. friend the Finance Minister by way of taxes. It is income without tax. No wonder therefore that there is trafficking in managing agency. People who are prepared to go out of their way to make illegitimate profits are prepared to pay huge sums for the purchase of managing agencies. If today managing agencies are passing hands it is only the good ones who are selling them to unscrupulous persons who would be able to utilise them for their anti-social activities.

There is one other aspect which we have to consider. These managing agents contributed to the share capital, not very much, in the beginning. They may have cornered shares now and they have been able to make huge and fabulous profits and the shareholders find that for the capital they have contributed the return is insignificantly small. Therefore, today the investing public are not prepared to come forward to subscribe for shares. I hope the Finance Minister will take into consideration the fact that people are not prepared to subscribe to the capital of a company, since it gives opportunities to a few persons to make fabulous profits, both legitimate and illegitimate. Therefore, the managing agency system which contributed to the development of industries in the past, the same system is today retarding the industrial growth of the country and the formation of other public limited companies. Therefore, there is no use tinkering with that system, putting a restriction here or a check there. If you, Sir, would allow me to borrow a phrase from the Marxian philosophy, the managing agency system has already played its historic role and it has to be replaced by another efficient and healthier system, so that our industries might grow to such an extent as would make our country prosperous.

I lend my wholehearted support to the Bill.

Shri A. C. Guha: I support the Bill as an interim measure. I have tried to make certain improvements, though the Finance Minister may not consider them as such and he has not been able to accept any of them. Anyhow as far as the Bill goes every section of the House will support it.

During the discussion of the Bill most of the Members have referred to the role of managing agents and the part they have played in our industrial development. It is an institution somewhat peculiar to India and as far as I know it is not to be found in any other country, at least in this shape and dimension. It is an importation by the British industrialists and it had its genesis mostly in Calcutta where the British firms started that system. It is apparent that this system has helped a great deal in the industrial development of our country. There are black sheep in this section as in any other section of people. The Finance Minister has just read out some of the exploits of the black sheep among the managing agents. He need not have taken the trouble of reading them out, because the simple fact that such a Bill had to be brought before the House and has been well received by it is sufficient proof that something is wrong with the system of managing agents. Like every other institution this system has now to be replaced or readapted. The Zamindari system has become outmoded and outworn and is now being abolished and replaced. Similary the Government of the country has now to see how far the managing agency system should be revised so as to bring it into line with the industrial policy of the Government...

Shri Sondhi: *Kaya Kalpa*!

Shri A. C. Guha: Most industries in this country even now are being promoted by a group of individuals either as managing agents or as

managing directors. This Bill deals with both categories as also other people with other designations who may be in charge of controlling the affairs of a company. In that regard they have set up a new body—the Advisory Commission for the working of this Bill.

But, I feel the Advisory Commission has been given very little power; its function is only advisory, and that too only as regards approving the change in the managing agency or managing directorship of the company. As enacted in the British Companies Act where the Board of Trade has got very wide power—in fact the Board of Trade has the power to supervise all the provisions of the Companies Act—here also I would have very much liked if Government had given wider powers to this Advisory Commission. I do hope that when the final measure to revise the Companies Act comes, Government will give much wider power to the Advisory Commission so that the Commission will not be so advisory and so limited in scope as it is now made.

I have tried to point out that unless we can prevent the cornering of shares, the evils that this Bill wants to remedy cannot be effectively remedied. If the shares are under the control of some undesirable elements, those persons can put any amount of obstacles in the smooth running of the company even if they may not be installed as managing agents or managing directors. I hope Government will learn by experience and will put some check on the cornering of shares so that shares may not be so easily negotiable on the stock exchange market.

In this Bill there are two terms used: controlling interests and undesirable elements; not so much in the Bill itself as in the intents and purposes of the Government. "Controlling interests", as the hon. Finance Minister admitted the day before yesterday, has not been precisely defined here and I understand that it is difficult to give a very precise definition; yet I hope Government will at least in their own mind formulate a precise definition of "controlling interests", otherwise it may lead to complications. Then, who may be called "undesirable elements"? In this matter the Government will only be guided by the advice of the Advisory Commission but there also some yardstick should be fixed which would make some parties "undesirable elements".

Shri Sondhi: What is your suggestion?

Shri A. C. Guha: The hon. Minister has read out a long list of cases and we want to know what action Government have taken in those cases. As far as we can gather from his answers, I think Government have not yet taken any action on those cases—only they intend to take action. I think parties who have been found to be engaged in such activities should be blacklisted, not only for purposes of being managing agents but also for many other commercial purposes. In the Import Control Office we know certain parties found to be guilty of serious offences are very often leniently treated—they may be blacklisted only for a short period or they may be given a simple warning. But I want that such cases as have been read out by the hon. Minister should be severely dealt with; they should be blacklisted not only for purposes of managing agency or managing directorship but also for other commercial purposes. In this connection I would like to refer to another thing which would indicate the lenient attitude of the Government. In case of bank failures, the managing directors who were guilty of gross negligence and of dishonesty have very often been leniently treated by the Government, whether the State Government or the Central Government. I have been repeatedly emphasising that such cases should be very severely dealt with and that such men should be blacklisted for all commercial and business purposes, but the Government have not been able to accept that point of view. Rather, I know of definite cases when such persons have been particularly patronised by some State Governments by giving them special business facilities. I hope that no such case will occur in future.

It is the habit of Government to take powers, but often Government are unduly cautious in using those powers. In the Banking Companies Act, sections 35 and 39 give certain powers and impose certain obligations on the Reserve Bank, but the Reserve Bank, as far as I have been able to gather, has never taken any action under those sections; or, if they have done so in a very niggardly manner. Therefore, I hope the power that is now conferred on Government by this measure will be used efficiently, effectively and in a proper manner.

As regards the Advisory Commission, much depends on the composition of the Advisory Commission, particularly on the choice of its chairman. I hope when the permanent Commission is appointed Government will give greater attention to the choice of

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the personnel, especially of the chairman.

Dr. Deshmukh: The debate on these clauses has been very instructive not only to the House but to the public at large, and I am sure the time that has been spent on the discussion of this Bill has not been wasted. Because, beyond educating the Members of this House, it has a wider purpose of educating our masters and I think what has been discussed and what has been said will be of very great use to the public generally.

But from that point of view, I think the Bill as such is really deficient and I must voice my disappointment so far as dealing with the sort of people whose instances were quoted by the hon. Minister, is concerned. I have yet to learn what exactly is going to be done so far as these persons are concerned. This Bill is not going to deal with them either directly or adequately. In fact, I would like that such public cheats who have defrauded the public to such a large extent should be really dealt with by a special legislation so as to prevent the mischief for all time to come. I would be sorry if my hon. friend thinks there are adequate provisions to deal with them—I do not think there are. These people are worse than even corrupt officials or those people who indulge in giving bribes to officials. There both of them secure something: the bribe-giver secures some advantage and the officer also gets a certain amount of help. But here we have a clever and cunning man, a bad character, let loose on society who is swindling everybody who comes his way, without any possibility of his ever giving any return to the public at large. From this point of view, no crime should be regarded more heinous than this and every effort should be made to see that not only is this evil nipped in the bud and eradicated but all those who have indulged in it so far and who have had considerable latitude in doing so are dealt with firmly...

Shri Sondhi: But they subscribe to the election funds.

Dr. Deshmukh: That is an evil which I am sure the Finance Minister will be able to deal with and consider how he can adjust the two things. Of course, my hon. friend means an advantage to certain people and a disadvantage to certain others. That is a thing which I am sure the Government would be considering.

On the whole this Bill will certainly serve the purpose for which it is intended but so far as this purpose of punishing the mischief-mongers is concerned I think the Bill is going to be of no use whatsoever. This is an evil which spoils the people; it makes everyone try to get big profits by whatever means at his command. And from that view I think there should be a special legislation by which these people will be brought to book; their names also should be widely publicised from time to time and made known to the people: this will at least save the people from being cheated by the same people over again. So, I support the passing of this Bill and hope that this evil which is so rampant and whose magnitude we did not know until it was disclosed at your instance by the hon. Minister will be checked. If the evil be of such dimensions as was described, it is time that Government set out to deal with it with as much severity as possible.

Shri Harihar Nath Shastri (Uttar Pradesh): Among the many speeches that have been made on this occasion I have been greatly impressed by the one speech that has been made by my hon. friend Shri Jhunjhunwala. In the course of his speech, he agreed that there are evils in the management of the companies and that they should be eradicated. He has gone so far as to suggest that there should be summary trials which may enable the Government to deal effectively with the situation. All the same, he has raised a pertinent question and that question is whether the Government is really competent to deal with the situation that has arisen. As he was making his observations, I was thinking on this point and I personally share his views. I feel that by experience the Government may come to the conclusion that it is not competent to deal with the situation. A stage has come where, to quote an example, if one part of our body is absolutely rotten no medicine, however expensive it may be, can cure the body. A similar situation has arisen today. A few instances were quoted by the hon. Minister. Many more are known to us from study and also from experience. Our view is that we have reached a stage when no degree of legislation, however violent it may appear to be, will serve any useful purpose unless this system of managing agency is done away with. I agree that there was a stage in the history of the industrial development of our country when this system of managing agency did much good, but that stage is now passed and we have reached a stage when instead of doing any good it is proving to be the greatest impediment in the industrial progress of our country.

Shri Guha has said that Government has to see how the managing agency system can be fitted into existing conditions. I submit that such adjustments are not possible now. The question would then be asked as to why I support this Bill. I am supporting this Bill for the simple and obvious reason that in course of time—and very soon, I may assure you—Government will realise that even this measure which looks quite stiff is not going to serve any useful purpose, and when we meet in the next Parliament the Finance Minister will have to come with a full-fledged Bill aiming at the abolition of the managing agency system.

Shri Shankaraiya (Mysore): I would like to support this Bill, but I would like to emphasise that Government should exercise the *suo motu* power. They should not allow the provisions to remain idle on the statute book. The ingenuity of the managing agents is such that they will find ways and means of evading these provisions also, because they are experts in this art. It is only when the Government is vigilant and tries to exercise this power, and it is only by creating a fear and a healthy atmosphere that this evil can be controlled and checked. Though the Bill gives shareholders power under proposed sections 153C and 153D the exercise of these powers by the shareholders is very rare and it is very difficult also because it will involve the question of number, security, and solidarity. The managing agents know how to break the solidarity. Even though provision is made in this Bill, it will be very difficult for shareholders to exercise this power of healthy check over the managing agents and preventing malpractices. So, the burden is more on the Government to be vigilant in this matter. As you know, shareholders will be exercising this power only when the company is properly run and is prosperous. On the other hand, if the company runs at a loss and there are no dividends paid, they will be negligent and they will not evince any interest. In a general body meeting, only five per cent. of the shareholders are present and the managing agents carry on the general body meeting with a few persons of their own choice. So, Government must exercise these powers and not expect the shareholders to do so.

One other point I would like to impress on this House is that by the enactment of this Bill both good and bad managing agents are getting some permanency, immunity and security. Since both good and bad managing agents are given immunity and security, as I said in the beginning, the managing agents are such that they will evade the law, whatever be the enactments that we may pass. It will therefore be imperative for Government to exercise the *suo motu* power that is given to them deliberately in this Bill. They should not feel shy of exercising this power. They must exercise it and create an atmosphere of fear in the minds of the managing agents and check the evils and control them.

خواجہ عنایت اللہ : جناب ڈپٹی اسپیکر صاحب - میں اس بل کو سپورٹ (support) کرتے ہوئے اپنے ان دوستوں کے شکوک کے خلاف کچھ کہنا چاہتا ہوں جن کا یہ خیال ہے کہ ہماری حکومت اس بل کو پاس کرنے کے بعد شاید پونجی پتیوں کا صحیح طور سے مقابلہ نہ کر سکے - میں جانتا ہوں کہ ہماری اس حکومت نے جس نے کہ ہندوستان کے ۶۵۰ راجیوں کے بڑے بڑے راجاؤں کے چنگل سے دیش کے غریب کسانوں کو چھڑایا ہے کیا وہ اس قانون کے ذریعہ ہمارے غریب متوسط کلاس (middle class) لوگوں کو ان پونجی پتیوں کے ہاتھ سے نہ چھڑا سکیگی ؟ میں ایسا نہیں سمجھتا - مجھے امید ہے کہ ہماری حکومت اس قانون کے پاس ہونے کے بعد اس طرح سے عمل نہیں کریگی کہ باغبان بھی خوش رہے - راضی رہے صیاد بھی - کہ پونجی پتیوں کے ہاتھوں میں ان چار سو بیس کرنے والوں کے ہاتھوں میں جنہوں نے آج تک ان غریب اور متوسط کلاس لوگوں کے شیرس (shares) یعنی حصے لیکر من موجی کارروائی

[خواجہ عنایت اللہ]

کی ہے اور اپنی دولت کو اس طریقے سے بڑھایا ہے اور جیسے کہ ابھی آنریبل فائنانس منسٹر (The hon. Finance Minister) نے کچھ ایسے لوگوں کے نام بھی بتلائے میں تو چاہتا تھا کہ ایسے بلیک شیپ (black sheep) کے نام اخباروں میں نکلے جاتے اور کوئی کاغذ باقی نہیں رہتا جن میں ایسے لوگوں کا جو ہندوستان کی سوسائٹی کے ماتھے پر کلنک کا ٹیکہ ہیں اور جو ہندوستان کی غریب جنتا کا خون چوس چوس کر اپنا پیٹ بھر رہے ہیں ، نام پوری طور سے مشتہر نہ کیا جاتا - اس لئے میں تو چاہتا ہوں کہ اس قانون کو اور بھی سخت بنایا جاتا اور جیسی کہ امید کی گئی ہے کسی آئندہ آنے والے وقت میں اگر اس قانون کے ذریعہ سے ان لوگوں کی غریب لوگوں کی جنہوں نے کہ اپنی دولت اپنی محنت کی کمائی دے دی ہے ان کے انٹرسٹس (interests) کو بچایا جائیگا - ان چند الفاظوں کے ساتھ میں اس قانون کے پاس ہونے کی پورے زور سے تائید کرتا ہوں اور ساتھ ہی اپنی حکومت سے درخواست کرتا ہوں کہ جس طرح سے ہماری گورنمنٹ اور برائیوں کو بڑی سختی سے کچل سکی ہے اس طرح اس لعنت کو بھی کچلنے پر تیار ہو گی -

(English translation of the above speech)

Khwaja Inait Ullah (Bihar): Sir, while lending my support to this Bill I would like to dispel the fears of some of my hon. friends who believe that perhaps our Government may not be strong enough to deal effectively and properly with the capitalists. But I would like to ask them would not this Government of ours which has emancipated our poor peasantry from the clutches of about 650 princes of India, be in a position to protect our lower middle class people from the highhandedness of these capitalists with the help of this legislation? I do not believe they would fail in doing so. Once this Bill is passed into a law, I hope, our Government will not act in a manner which would result only in the appeasement of both the parties. I would have liked if the names of these black sheep who have been mentioned by the hon. Minister of Finance in his speech and who have multiplied their wealth manifold with the help of the snares of the poor and the middle class people who have played into the hands of these fraudulent persons and the capitalists, had been published in the newspapers and no paper had been left in which the names of these persons, who are a slur on the fair name of the Indian Society and who have been increasing their wealth at the cost of the poor, had not been publicized. Hence I would have liked if this law had been made a bit more stringent. It is hoped it will be used for protecting the interests of the poor people who invest their hard-earned money in the companies. With these words, Sir, I urge the House to pass this legislation and at the same time I appeal to the Government to be prepared to put an end to this evil in the same manner in which they have put an end to other evils in the country.

12 Noon

चौधरी रनबीर सिंह : उपाध्यक्ष महोदय, मुझे इस बिल को पास करने का समर्थन करने में बड़ी खुशी है और वह इस लिये कि हमारी कांग्रेस पार्टी खास तौर पर इस बात के लिये कमिटेड (committed) है कि वह देश के अन्दर एक कोआपरेटिव कामनवेल्थ सिस्टम (Co-operative Commonwealth System) को कायम करे। और यह जो पब्लिक लिमिटेड कम्पनीज (Public Limited Companies) हैं उन के अन्दर कुछ थोड़ा बहुत सरकारी दखल देने की तरफ यह पहला क़दम है। मैं इस को आखिरी

कदम नहीं मानता। कई भाई हैं जो इससे डरते हैं लेकिन मैं तो समझता हूं कि हमें अभी और ज्यादा आगे क़दम बढ़ाना है, और यह जो पब्लिक लिमिटेड कम्पनीज हैं उन को भी हमें उस ढंग पर, उस तरीके पर ले जाना है जहां पर कि कोआपरेटिव सोसाइटीज या दूसरी सहयोगी संस्थायें हैं। जिस तरह से सहयोगी संस्थाओं में जो हिस्सेदार होते हैं उन को यह यक़ीन होता है कि वहां बाकायदा सरकारी देखभाल होती है और अगर उस में कोई गड़बड़ होती है तो सरकार भी उस के लिये ज़िम्मेदार होती है।

डा० देशमुख : कोआपरेटिव सोसाइटीज में भी बहुत गड़बड़ होती है।

चौधरी रनबीर सिंह : यह ठीक है कि वहां भी गड़बड़ होती है क्योंकि यह तो इन्सान की फ़ितरत में है और गड़बड़ बिल्कुल न हो, इसका इन्तजाम तो हम पूरी तौर पर तभी कर सकेंगे जब हम अपने बच्चों को यह समझा पायेंगे कि अपना स्वार्थ जो है वह छोटी चीज है, इस के मुकाबले देश का स्वार्थ या संसार का स्वार्थ बड़ी चीज है। डा० देशमुख जी को मैं जानता हूं वह कोआपरेटिव के बड़े हामी रहे हैं और जब उन के स्थान में कोआपरेटिव सोसाइटी बनाई गई थी तो खुद उस के पहले प्रेजिडेन्ट (President) रहे हैं और मुझे अच्छी तरह से इल्म है कि कोआपरेटिव सोसाइटीज बनाने के वह बड़े दिलदादा रहे हैं। इस में कुछ खराबियां भी हैं, लेकिन वह हमें उस दिशा की ओर बढ़ने से रोकेंगी नहीं। हमें उन खराबियों का इन्तजाम करते हुए आगे बढ़ना है। और इस के साथ साथ यह भी किसी से छिपा हुआ नहीं है कि हमारे देश के जो बड़े बड़े इन्डस्ट्रियलिस्ट्स (industrialists) हैं, या बड़ी बड़ी कम्पनियों वाले हैं, मैनेजिंग ऐजेन्ट्स (Managing Agents) हैं वह मैनेजिंग एजेन्सियों (Managing Agencies) के द्वारा हो सकता है कुछ समय तक यह चीज काफी फायदेमंद रहे लेकिन इस के साथ साथ इस बात से भी हमारे देश के आम आदमी बेबहरा नहीं है कि हमारे देश के अन्दर जो बड़े बड़े इन्डस्ट्रियलिस्ट्स हैं वह भी इस में अपनी तसल्ली नहीं कर पाते कि इन्डस्ट्रीज से उन्हें कुछ फ़ायदा मिल जाय, बल्कि वह और आगे बढ़ कर व्यापारी बनना चाहते हैं, व्यापारी नहीं बल्कि चोर बाजारी बनना चाहते हैं। तो उन की जो यह वृत्ति है उस को रोकने के लिये खासे क़ायदे क़ानून की ओर एक तगड़े और मजबूत कानून की आवश्यकता है और सिर्फ कानून ही की नहीं, बल्कि मैं तो यह समझता हूं कि आज जो सरकार की एजेन्सी है उस में खासे इमानदार आदमियों की जरूरत है क्योंकि जो मैनेजिंग एजेन्ट होता है उस के पास काफी बड़ी रक़म रहती है। वह किसी भी एक अफ़सर से जो हजार, पाँच सौ, छः सौ दो सौ या ढाई सौ रुपया तनख्वाह लेता है, उस को खुश करने के लिये उस के पास काफ़ी सरमाया है, काफी ताकत है, और वह अपने ढंग की रिपोर्ट (report) उस से करा सकता है। इसलिये सरकार को इस बात की तरफ खासा ध्यान और तवज्जह रखनी पड़ेगी कि कोई भी हो चाहे वह सरकारी आदमी हो चाहे वह मैनेजिंग एजेन्ट हो, या डाइरेक्टर (director) हो, जो गड़बड़ी करना चाहता है और जो शेअरहोल्डर्स (shareholders) की खून पसीने की कमाई को नाजायज ढंग से उड़ाना चाहते हैं उन को नाजायज ढंग से उडाने की इजाजत नहीं दी जायगी।

(English translation of the above speech)

Ch. Ranbir Singh: Sir, I have great pleasure in lending my support to the passage of this Bill, more especially because our Congress Party is committed to establish a Co-operative Commonwealth System in the country and this can be deemed as the first step towards some sort of State interference in this matter. I do not consider it as the final step. Some of our friends are unnerved by it but I believe we have still to go ahead. We have to bring these public limited bodies in line with the co-operative societies or other co-operative institutions; and as the shareholders of a particular co-operative institution are assured of the regular Government supervision in their accounts and think that whenever there is any misappropriation of funds the Government themselves are responsible, they too should feel some sort of security.

Dr. Deshmukh: There is a good deal of misappropriation of funds in the co-operative societies as well.

Ch. Ranbir Singh: No doubt, there too we have misappropriation of funds, because this is in the very nature of man. We can uproot such malpractices only when we shall make our children understand that interests of the country and interests of the society are far above our selfish interests. I know Dr. Deshmukh is a protagonist of the co-operative movement and when a co-operative society was formed in his own place, he became its first President. I know he has already been very fond of forming co-operative societies and in spite of some inherent defects in this system, he would never check us from making progress in this direction. While providing against all the drawbacks that it has we have to go ahead. This is an open secret that although the big industrialists, the company owners or the managing agents may be making profits out of their managing agencies, yet people know that they are not contented with the profits they get. They want to go ahead and want to become not only traders but black marketers too. Hence we require strict legislations and measures to have a check upon this tendency of theirs. Not only that, I am of the opinion that we require honest men to run Government agencies as well because the managing agents always keep a good amount of money at their disposal and are in a position to appease any officer drawing one thousand, five hundred, six hundred, two hundred or amounts like that as their salaries. And, in this way, they are able to get a report of their own choice from them by using their wealth, influence and other things. Hence, the Government will have to concentrate their attention on not allowing anybody, whether he is a Government employee, a managing agent or a company director, who indulges in malpractices, to misappropriate the hard-earned money of the share-holders and to use the funds illegitimately for his personal interests.

Dr. M. M. Das: (West Bengal): Regulation of trade and industry best suited to some of the interests of this country has become a problem for our Government. A large number of Bills —both new Bills and amending Bills— are brought before this House for approval dealing with every aspect of trade and industry in every session. Revision of customs and tariffs, protection of industry, standardisation, labour legislation and similar other ancillary matters form the subject matter of these Bills. To any impartial observer all these Bills prove a sincere and earnest desire and anxiety on the part of the Government to help the trade and industry of this country in every possible manner.

But, it is a matter of great regret that all these sincere and honest attempts of the Government have not been reciprocated by those people for whom they were meant. Not to speak of reciprocating and helping the Government in the industrialisation of this country, the commercial interests here are prepared to go to any length to achieve their selfish ends even if that be at the cost of the interests of the country and the community. Nobody who watches the activities of the commercial community of this country can escape the conclusion that there is practically going on a tug-of-war between the Government on the one side and the big business of this country on the other. Our Government on the one hand is trying its level best to canalise trade and industry in a channel which will make this country wealthy and prosperous, while on the other hand the big business is bent upon making immediate profits whatever may be the means, and however unfair they may be. Any lacuna or loophole in the laws and regulations wherever they may exist are scrupulously searched after and best advantage is taken out of those loopholes or lacunae. Unfortunately the fact cannot be denied that big business interests of this country far surpass the Government in intellect and in efficiency. I am sorry for this remark. The result is obvious: Government is defeated in every sphere of its activities relating to trade and industry. These results become much more tragic when we consider the amount of money and energy that are spent for enacting and

enforcing these laws and regulations governing the trade and industry of this country.

So far as this particular measure is concerned, Government appointed a Committee—the Company Law Committee—for scrutinising the provisions of the Ordinance that preceded this Bill. This Committee made very valuable recommendations and I am very glad that all those suggestions have been incorporated in the Select Committee's Report.

Then, to give effect to the provisions of this Bill an Advisory Commission has already been appointed. This Advisory Commission is a permanent statutory body. Regarding other measures which have already been passed in this House or will be passed shortly, organisations similar to the Tariff Commission, the Standards Institution, etc., have to be appointed. They all entail a heavy burden upon our exchequer. How far these organisations will be able to achieve their objective God alone knows.

Moreover, I am afraid about one particular matter in this Bill. I am afraid that concentration of power is taking place in the hands of a very few men. So far as this particular Bill is concerned, the execution of the provisions contained in it—which will no doubt exert a great influence upon trade and industry in this country—has been entrusted into the hands of an Advisory Commission consisting of three men. Two of these three men have other duties to perform and Government has to depend upon the discretion and judgment of only one man in arriving at a decision about these matters. To err is human. He may commit errors. There may be errors in his judgment also. There is no other body to which the aggrieved party may appeal. All these are matters which have grave consequences and the Government should give careful consideration to them. Anyway Government has brought this measure before the House with the best of intentions and I have no doubt that the provisions of this Bill will be enforced with the utmost efficiency and sincerity that are at the command of the Government.

Mr. Deputy-Speaker: Shri Ramnath Goenka. I hope the hon. Member will be very short. There is the Press (Incitement to Crime) Bill awaiting.

An Hon. Member: The next Bill is yours.

Shri Goenka: Wait and see. I support the Bill. I do feel that by the passing of this Bill the money-changers who have caught hold of the industries will in due course of time replace the industrialists. My only justification in intervening at this stage is this. I heard the hon. the Finance Minister saying yesterday that the implementation of this Bill will certainly be subject to the organisation at the disposal of the Government. There is no use our passing these Bills, there is no use our introducing salutary provisions if for want of organisation they are not properly implemented. As you know, a provision has been made for the Government to take *suo motu* action when the Government is satisfied that a public company is not behaving properly. For that Government have got to have a full-fledged organisation to watch and take action in time before it is too late. I felt that when the hon. the Finance Minister agreed in the Select Committee to the inclusion of that power for the Government he had practically made up his mind that he would have a full-fledged organisation for the purpose.

Shri C. D. Deshmukh: On a point of information, Sir. I said nothing which was inconsistent with the situation. What is he referring to?

Shri Goenka: I was taking some notes of his speech yesterday and he said of course the implementation would be subject to the organisation at his disposal.

Shri C. D. Deshmukh: I am afraid he will find that he is mistaken if he refers to the proceedings.

Shri Goenka: I am very glad indeed that the hon. the Finance Minister is now prepared...

Mr. Deputy-Speaker: Is always prepared?

Shri Goenka:...is always prepared to implement the Bill which we are passing, and this gives me the greatest pleasure. Why I mentioned this was for this reason. As you know, we spent several months on the passing of the Insurance Bill. It was passed after a work which involved as long as about six months of the time of the Members of this House, in the House, in the Select Committee and elsewhere. But that Act is now fast becoming a dead letter. Many of the provisions of the Act are now being evaded by the persons concerned with impunity. Probably it is due to the fact that the Insurance Department has only recently come to the Finance Ministry and the Finance Ministry had no time to go into the various implications.

An Hon. Member: They have proceeded against three companies.

Shri Goenka: I am told that they proceeded against three companies. If they had not proceeded against those three companies the cases of which were so patent—well, I do not like to dilate upon that because that matter is still pending before court and it will hardly be right on my part to refer to those cases. In regard to such cases no doubt the Government have looked into and have taken action. But there are very many things which have happened in the insurance companies today which we thought after the passing of the Act would be set right, but, unfortunately, far from being set right they are worse in certain respects. Therefore, I was rather apprehensive, after this Companies Act is passed, whether this amending Bill will also be implemented in the same manner in which the Insurance Act was implemented. I am indeed glad and grateful for the assurance which the hon. Minister has given that he will see to it that a proper organisation is established with the Government of India to see that these salutary provisions which have been included in this Bill are properly attended to by his Ministry.

I support the Bill and I hope and trust that the Bill will really become a bar on the dishonest managing agents.

Shri C. D. Deshmukh: I am very grateful to the House for the varying degrees of approval that have been given to this Bill, including the expression of confidence in the ability of Government to administer this Bill given out by one hon. Member opposite. Many observations were made in regard to the managing agency system which it will be for the Company Law Committee to take notice of and to embody in their deliberations and eventually in their recommendations. There was some reference made to share-cornering. I myself feel that prospective share-cornerers will find with the enactment of this Bill that much of the gilt has been taken off their gingerbread.

As regards administration I can assure the hon. Member who spoke last that I did not say that implementation would be conditioned by the organisation. I cannot recall the exact words that I used, but I said that we were fully conscious of the importance of the powers that had been vested in Government and that it was our intention to equip ourselves with adequate organisation for the purpose of implementing the Act. I repeat that it is our intention to administer it promptly, justly and effectively.

Then, there were some observations made in regard to the composition of the Commission. If experience proves that the number is insufficient or that the services of part-time members are not sufficient for the purpose, then it is open to us to strengthen the Commission to any extent that may be found to be necessary.

Mr. Deputy-Speaker: The question is:

"That the Bill, as amended, be passed."

The motion was adopted.

PRESS (INCITEMENT TO CRIME) BILL

Shri Kamath (Madhya Pradesh): On a point of procedure, may I say a few words? I am very loth to interrupt the hon. Home Minister but I along with my colleagues in the House would like to know whether in view of the importance of this measure, the discussion on this Bill will go on *de die in die*, from day to day, and will not be adjourned for any reason whatsoever. The House would be grateful if you or the Home Minister can give an assurance that the discussion of this motion will be continued till it is finished, and not interrupted.

The Minister of Home Affairs (Shri Rajagopalachari): I do not propose to be a party to any kind of adjournment in this matter. I am moving, in fact, for a Select Committee, and I do not see any reason for any adjournment.

I beg to move:

"That the Bill to provide against the printing and publication of incitements to crime and other objectionable matter, be referred to a Select Committee consisting of Shri M. Ananthasayanam Ayyangar, Babu Gopinath Singh, Shri Krishna Kant Vyas, Shri T. Husain, Shri B. Shiva Rao, Shri Awadheshwar Prasad Sinha, Shrimati G. Durgabai, Dr. Punjabrao Shamrao Deshmukh, Shri R. K. Sidhva, Shri N. Madhava Rau, Shri Raj Kanwar, Pandit Thakur Das Bhargava, Pandit Hirday Nath Kunzru, Shri V. S. Sarwate, Shri T. R. Deogirikar, Shri Mathura Prasad Mishra, Shri O. V. Alagesan, Dr. Zakir

Husain, Pandit Munishwar Datt Upadhyay, Shri S. N. Das, Shri Indra Vidyavachaspati, Shri Tribhuan Narayan Singh, Sardar Hukam Singh, Shri Gokul Lal Asawa, Shri Dev Kanta Borooah, Shri Kishorimohan Tripathi, Shri L. Krishnaswami Bharati, Dr. C. D. Pande, Shri M. L. Dwivedi, Shri Satish Chandra, the hon. Shri R. R. Diwakar, the hon. Shri N. V. Gadgil, the hon. Dr. B. R. Ambedkar and the Mover."

Shri Sondhi (Punjab): Shri Deshbandhu Gupta's name has been omitted.

Shri Rajagopalachari: This list should have had two more important Members but they have not yet given their consent. I find that they have expressed their desire to stand outside the Select Committee, probably for greater freedom.

Shri Sondhi: Very unfortunate.

Shri Rajagopalachari: This Bill is moved in accordance with the promise that I made at the time when the amendments to the Constitution were being considered.

Mr. Deputy-Speaker: Will the hon. Minister kindly State by what date the Select Committee has to make its report?

Shri Rajagopalachari: Before the 15th of September or any date round about that.

The Bill stands bare to the bone and there is not much flesh to pick and I think that 15th September will be quite enough.

Mr. Deputy-Speaker: 15th is a Saturday.

Shri Rajagopalachari: I said tentatively 15th; if necessary, we will take more time.

Mr. Deputy-Speaker: There may be general discussion on this before it is referred to the Select Committee and that may take a day or two. Then we will have hardly time left to sit. I, therefore, suggest the 17th and this will avoid coming to the House for an extention.

Shri Rajagopalachari: Yes.

Dr. M. M. Das: (West Bengal): On a point of information. The hon. Minister said that two of the hon. Members have refused to consent.

Shri Rajagopalachari: It is hardly necessary for us to discuss that.

Dr. M. M. Das: I want to know the names.

Shri Rajagopalachari: I do not wish to begin the debate on the Bill with a matter of that kind. It will appear in due course and if the hon. Member wants the information still, he will, have it for the asking.

Shri R. K. Chaudhuri (Assam): May I request the names to be repeated?

Mr. Deputy-Speaker: I shall pass on the list to the hon. Members. It is unnecessary. (*Interruption*) What is the hurry for all this? The hon. Minister must conclude his speech before the motion is put. One hon. Member wanted the list of names proposed. Another hon. Member said that immediately I am going to put it to the House. He evidently forgot that I can put it only after the hon. Minister has finished his speech.

Shri B. Das (Orissa): I find that Orissa representatives are left out in the list.

Shri Rajagopalachari: The list now consists of 34 Members and I just made an observation that it would have been a little longer but for the unwillingness of certain Members. I was saying that this Bill.....

Shri Kamath: In the interests of audibility, may I ask the hon. Home Minister to move to the Prime Minister's seat?

Shri R. K. Chaudhuri: I have a motion to move that the names of certain gentlemen be omitted.

Mr. Deputy-Speaker: Not now.

Shri Rajagopalachari: I was saying that this Bill is moved in fulfilment of the promise that I made at the time when the Constitutional amendments were in progress in the House. I do not think that I need take up the time of the House with any general observations. The Bill now deals with the abuse of the freedom of the Press to which so much reference was made at the time when the constitutional amendments were proposed. It is impossible to have any freedom properly guaranteed unless we prevent the abuse of that freedom. It should not be taken that because a law is proposed to be enacted dealing with offences or with abuses that abuses are common or that abuses are widespread or that the whole nation is guilty of crime.

[SHRIMATI DURGABAI *in the Chair.*]

The idea is that abuses should be put down and they should be prevented as far as possible, so that the main body of persons engaged in the occupation or profession to which the Bill refers may carry on their work without detriment to its dignity, prestige,

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influence or position. It is only those who commit abuses that bring down the general level of importance and prestige and it is certainly in the interest of the persons themselves who are engaged in this profession that they should give support to the Bill that I am proposing. The features of the Bill are these:

Hitherto any one who wanted to start a printing press or who wished to start a newspaper or a periodical of any kind would have to take his chances with the executive and he could be called upon to give security at the very first instance and the magistrate who records the declaration would have the right to ask him to furnish security. Under the law now proposed, we propose to abolish that feature of the press law of 1931. This Bill will entirely replace the law of 1931. The right of Government to demand security when a newspaper or other periodical starts publication was a provision in the present law to which objection has been taken for a long time. We take this occasion to propose that this should be abolished.

Under the Press (Emergency Powers) Act, 1931, which this Bill is proposed to replace, demand of security and forfeiture of that security were matters within the discretion of the executive authorities. This was rightly considered obnoxious. Even though there was an appeal provided, in the law of 1931 to the High Court, that appeal was restricted to a consideration of very precisely limited issues. Under the present law as I propose now that the House should accept, it will be found that no orders either for demanding or for enhancing or for forfeiture of security may be issued by the executive authorities. Such orders, according to the Bill, can only be issued by a judicial authority after hearing both the Government and the keeper of the Press or editor and publisher. And the High Court shall have the right to hear appeals in all such cases—not only hearing appeals on narrow issues, but hearing and deciding matters on any issue arising out of the merits of the case. Even the very first order will have to be issued by a judicial authority, no less than a sessions judge.

Another point to be remembered is that in the existing law, one of the most effective, though much disliked, provisions was pre-censorship, which could be imposed upon newspapers; not only in times of emergency, but whenever it was considered by the Government that it should be done, it could be done under the present law. In the Bill before the House, there can be no pre-censorship of newspapers in any matter. This has been secured in this Bill by the express repeal of all those provisions in the State enactments which give this power. Hon. Members are aware that no such provisions exist in any Central enactment and therefore there is no need to repeal any Central enactment to that effect. There will be no pre-censorship. That is to say, those who are in charge of newspapers and periodicals will be entitled to commit their offences. They are not helped in the conduct of the newspapers with help from the Government or any officials set aside for that purpose. They will be entitled to do just as they liked, only with the law before their eyes. Any proceeding which the Government can initiate would only come after the commission of a distinct breach of the provisions with reference to objectionable matter. That is a very important change.

The changes that we have introduced in this Bill are very fundamental. But, they are likely to go unobserved and they are likely to be appraised below their value by reason of the continual pressure of a very free and very active Press in this country. But, I must take your permission to point out that these two provisions that we have introduced in a negative way, namely, the abolition of any authority for demanding security before starting publication, in any case however bad—although he may have been a previous offender, there is no power for Government to demand security—and the provision that no action can be taken till after a definite breach has been committed in respect of the abuse, as I would call it, of the freedom of the Press, are fundamental changes in the law that we propose in this Bill.

A further provision, as I promised at the time when the amendments to the Constitution were being considered, has been introduced here. Because this is not a law which provides for a definite prosecution and punishment under the ordinary Penal Code, the definitions must necessarily be a little wide, so to say. Because we are dealing with written matter and things of that kind, we have to describe objectionable matter in terms slightly different from the manner in which we can describe an offence in the ordinary penal code. A writing is objected to because it has a certain tendency. Nobody in the world, no editor worth his

name, would write, "I appeal to people to commit murder. I appeal to people to commit house-breaking. I appeal to people to commit burglary or assault". But tendencious language is used for that purpose by any person who has wrong intentions in his mind. He chooses his language carefully. So we have to deal with matters which tend to produce such results, in the opinion of the court. And that is why we have to steer, so to say, between two dangers. We should not define the matter in such a way that anybody could be roped in and the executive could victimise anybody. At the same time we should not rob the executive of all preventive capacity by providing that only express incitement to murder or sabotage should be proscribed and nothing else. Therefore we have provided judicial courts for trying the matter and this should go a long way to avoid the danger of too wide an application. That is why I claim that this is a very important change, a far reaching and fundamental change that we shall make in the law as now proposed that every case and every issue should be tried, not by a magistrate under Governmental authority or administrative control, but by a sessions judge. And further than that, as I promised, I have introduced here a clause by which the sessions judge will be assisted by a jury, and a jury composed of persons specially competent to decide matters of this kind. Whether according to the practice in the profession, according to the good standards prevailing in the profession, a certain thing is objectionable or not can best be decided by men belonging to the Press and to public life nearly related to the Press. Provision is included here by which each State makes up a list of competent and special jurymen and out of them, whenever necessary a proper jury which commands the confidence of the person charged could be empanelled according to normal judicial procedure when the case is being tried. So this is a very important additional precaution that has been provided for safeguarding the rights of the press in this matter. That is covered by a particular clause to which reference can be made at the time the clauses are taken up.

Then again, there was a provision in the old law by which Government could ban the circulation of a particular item or a particular issue of a paper and ban the circulation itself. This power is totally removed under the proposed law here. In the Bill it is proposed expressly to repeal those provisions in the State enactments which gave power to Government of banning circulation or doing anything of that kind.

I need not refer to minor details at the present stage. There are certain minor but sufficiently important provisions whereby the position is made favourable to those who are in charge of newspapers and periodicals.

The nett result of the changes will be that when it is judicially established that a press or newspaper has been guilty of a substantial and serious offence, it will not be punished as for an offence, but a guarantee is to be taken against repetition of the breach. It will be seen on a close examination of the Bill that the first offence is followed only by security being taken. A guarantee is taken against a repetition of the offence by the same newspaper.

If a newspaper publishes matter which is either treasonable or incites murder or violence, or is scurrilous or grossly indecent, or offends in certain other ways that are specified under clause 3, to which I shall immediately make a reference. Government will have power to bring the matter to the notice of the judicial authority and to obtain a finding of that authority after fair trial. No power is taken by Government for doing anything by itself. They can only suggest that security may be taken and it is for the court to decide whether security should be taken and if so how much it should be. A second offence should be proved before a judicial authority so that the security may be enhanced or forfeited either wholly or in part. This, in my opinion, is much milder than what a prosecution for an offence under the Penal Code would involve.

Then we come to the main question: what are the things which are considered objectionable? This is defined in clause 3. It has narrowed down very largely the provisions of the corresponding clause in the Act of 1931. Part (i) refers to whatever encourages or tends to encourage violence or sabotage for the purpose of overthrowing or undermining the Government. Part (ii) deals with incitement or encouragement to any person to commit murder, sabotage or any offence involving violence without reference to the overthrowing of the Government. Part (iii) deals, apart from violence, with interference with the administration of justice, or with the maintenance of law and order or with the administration of Laws regarding the essential supply of commodities and services. Part (iv) deals with tampering with the loyalty of the armed forces and the police force or dis-

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inading them from their allegiance. Part (v) deals with intimidation of public servants by saying things which would coerce them thus trying to bring about a breakdown of public administration. Part (vi) deals with class enmity and hatred. Part (vii) deals with straightforward criminal intimidation, which is very often practised by a large number of newspapers, of which hon. Members may not be readers but there are quite a lot of readers and the papers are very effective in their own way in achieving their objects. Intimidation of the grossest type is sometimes practised, because in our country reputation is prized very much by those who possess it. Men and women are very eager to keep their good names untarnished but at the same time the Press is not equally delicate in the matter and the courts do not very much bother about those matters. Somehow or other in our country private feeling is such that a man would rather bear with the evils than go to a court and multiply them. That is the unfortunate position in our country and I think we should have a clause like that. Part (viii) deals with matters which are grossly indecent or securrilous or obscene. There is the ordinary law to deal with obscene matters but this is intended to deal with very gross offences of the kind which require immediate public notice, apart from individual prosecution. These provisions in clause 3 form the fundamental matter with which we have to deal in this Bill.

A general argument has been advanced by gentlemen representing the press with which I may deal here briefly. At the time when the Constitutional amendments were being discussed the idea was very prominently put forward that the Press was an institution of the greatest importance in the country and a special provision should be made with regard to the freedom that the press should enjoy. Now, however, a slightly different turn is given to the argument and it is claimed that the press should not come under any particular penal law, that it should share with the ordinary citizen whatever is imposed by way of penal law and that there should be no special independent Press law dealing with offences committed by the Press. The argument has to be met by me, briefly. We are dealing here with a very special case. The Press Enquiry Committee which was appointed in 1947 and which made its report in 1948, has dealt with this point very closely. They have considered the question whether we may leave it to the ordinary law and we need not have any special enactment dealing with newspapers and periodicals. This is what they say:

> "All these provisions.....",

namely, provisions in the ordinary penal law,

> ".....of law depend for their operation on the fixing of the identity of the individual concerned."

Anyone who has had anything to do with the criminal law and the application of the criminal law in this country knows very well the importance of this point; unless the identity of the individual concerned is established no penal law can be put in operation. Then:

> "In the case of a newspaper, which is the composite product of the joint effort of several persons, personal responsibility can hardly be defined or fixed."

Wherever we deal with offences by corporations this thing turns up and a certain amount of vicarious responsibility has to be dealt with. The Committee further deal with this matter in these words:

> "Except in a few cases, where the writer of an article is known, it is difficult to fix the identity of the individual or individuals responsible for a breach of the law involved in the publication of an article in a newspaper. The legal responsibility of the printer, publisher, and editor is well understood, but punishment is likely to be vicarious, and this consideration raises doubts regarding the propriety of the imposition of a sentence of imprisonment in most cases. The effect of pernicious propaganda carried on by newspapers day in and day out is likely to be more far-reaching than that produced by speeches."

And I need hardly say, by an individual offender. Then:

> "In the case of an individual culprit, the object of imposition of sentences is punitive, preventive or curative. The case of a newspaper guilty of an offence is generally dealt with by the imposition of a fine, and, unless the fine is heavy, it is not likely to have any preventive or curative effect. The maximum

amount of fine may not prove adequate in all cases, and, in these circumstances, we consider that etc., etc."

I submit that apart from the fact that only a fine can be imposed and even that fine is restricted, not only by the law but by the very jurisdiction of the court that is in charge of the case in most cases, it is very necessary that we must discover a different weapon in dealing with offenders and not simply treat the Press as a part of normal citizenhood and say they must be governed by the ordinary law. On the other hand, in favour of the Press this has to be said, that they have to do their work; they are an important limb in modern civilization. They have to bring out their daily newspaper overnight; they have to get it all ready, the matter has to be accumulated, the whole thing has to be printed and got ready, and it is hardly fair to treat any offence as the offence of any particular person concerned. It is hardly fair here to treat every breach of the law in the same manner as we would treat offences committed by individuals after deliberation, by individual effort and determination. Therefore, it is that here we propose that when objectionable matter of this kind has been indulged in—and not only indulged in so as to draw the attention of the executive, but indulged in such a measure, as to convince a court, after full trial, that the case deserves special notice—then security is ordered. Then, when a second offence is committed it shows a certain amount of deliberate intent, and that is the reason why forfeiture, wholly or in part, is provided for

An argument has been advanced that it is very wrong to pass this Bill, because the list of objectionable items in clause 3 makes it look as if the whole Press is behaving in this way, that is, creating confusion, persuading and inducing people to commit sabotage and violence and the like. Now, that is a wrong way of dealing with the matter. No penal code can be enacted if this argument is to prevail. Take the ordinary penal code. Murder and rape are provided for there. Does that mean that people in India commit ordinarily rape and murder? Even take the last Bill that we passed—the Indian Companies (Amendment) Bill. There may be hon. Members who think that 99 per cent. of managing agents may be bad, but there are people who accept it because bad cases should be provided for. If we provide for punishment for an offence, it does not mean that everybody is committing that offence. Any penal code is open to that objection. We cannot allow the freedom which the Press enjoys and the great influence which it now enjoys under modern conditions to go without any safeguards. The number of copies printed is running now into astronomical figures in all countries and very nearly so in our country and the avidity with which people read is remarkable. So, taking literacy and all that into account, the effect of a particular breach is enormous just now. That is why Parliament must make up its mind to give Government the powers that are proposed in this Bill. It is not done with any notion that the Press as a whole is going wrong. We have the highest regard for quite a large number of those who are in the profession, but we have found one unfortunate thing and that is that in this as in other professions it is very difficult for members belonging to the profession to control, if I may say so, the black sheep in their profession. It is very difficult and I have seen enough in the course of the progress of this very measure that that is a very vital point to be kept in mind. There are people who are very responsible, but they are unable in fact to put forth as much noise and exercise as much power as those who are less responsible. We have to go to their help with a Bill of this kind.

It may be said that the provision that we are proposing by way of trial by jury goes in the opposite direction. I submit that we have to do both things in these matters at the same time. We have provided a jury, but we have provided also power for the sessions judge who thinks that the jury's verdict is perverse to make a reference to the High Court and get a further verdict. He himself cannot reverse the jury's verdict according to the proposals I am making, but he can refer it to the High Court. Gradually I hope that when members of the Press are themselves given the occasion and the authority and the position where they can judge their brethren an ethic will be evolved which will make this Bill a dead letter. My own feeling is that while I take so much trouble over this Bill and while hon. Members take so much trouble over this Bill, when after all that it is passed the country will find that rarely will this Bill have to be put into operation, because as at present clause 3 pares down the offence to such a degree that nobody will be found to be doing anything which can be proved in the sessions court or before the High Court to be an offence in terms of the language of clause 3. People who manage the Press, even if they desire to com-

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mit a breach as indicated in this clause, will be able to do it in such language that no judge can hold the man guilty of the offence. I know that when this Bill is passed it will be practically a dead letter. I do not make a promise of that kind. It may be that the Companies Act may not be allowed to be a dead letter, but it would be a good thing if the Press law could be allowed to be a dead letter, because the stringency of the limitations placed upon the powers of the Government is such that I do not hope for any severe measures at all. The only thing about which I have some hopes is the last part (viii) dealing with scurrilous, indecent and obscene matter. I hope that this will hereafter be a little less than it has been before, because under part (viii) we can take action and bring grossly indecent or scurrilous matter to court and the court would not be disinclined to give an award against the person really guilty of obscenity or grossly scurrilous matter and even the jury may not be disinclined. To a large extent, the jury has a great and responsible duty to perform in that connection, because it is not possible to define what is obscene. When I was young I could define it easily, but now, after I have seen all that has been printed and published in modern times, I cannot define really what is obscene. Everything which I thought was very obscene is now allowed to be seen not only by men, but even by women and children and by everybody. It is impossible precisely to say when a thing is obscene or scurrilous. I have read certain periodicals now and then, items in which passed the limit of any idea of decency. Yet they are allowed to be printed by fifty thousand and sixty thousand and distributed. Recently I had the good fortune of seeing something written about myself and I then spent a couple of minutes thinking whether that could be brought possibly under a provision like this. I found that even that matter to which I was mentally so much objecting could not be called scurrilous, or indecent or obscene. Still it was very bad. Even as we have made the clause read, it is such that some very bad things may get away though they may be scurrilous or obscene or indecent. That is why the word "grossly" is put in to qualify the word "indecent", because ordinarily indecent things have come to be permitted.

I hope that this Bill will have a fairly easy time in the House and that we will be able to pass it. The Select Committee is large and representative of the whole House.

Mr. Chairman: Motion moved:

"That the Bill to provide against the printing and publication of incitements to crime and other objectionable matter, be referred to a Select Committee consisting of Shri M. Ananthasayanam Ayyangar, Babu Gopinath Singh, Shri Krishna Kant Vyas, Shri T. Husain, Shri B. Shiva Rao, Shri Awadheshwar Prasad Sinha, Shrimati G. Durgabai, Dr. Punjabrao Shamrao Deshmukh, Shri R. K. Sidhva, Shri N. Madhava Rau, Shri Raj Kanwar, Pandit Thakur Das Bhargava, Pandit Hirday Nath Kunzru, Shri V. S. Sarwate, Shri T. R. Deogirikar, Shri Mathura Prasad Mishra, Shri O. V. Alagesan, Dr. Zakir Husain, Pandit Munishwar Datt Upadhyay, Shri S. N. Das, Shri Indra Vidyavachaspati, Shri Tribhuan Narayan Singh, Sardar Hukam Singh, Shri Gokul Lal Asawa, Shri Dev Kanta Borooah, Shri Kishorimohan Tripathi, Shri L. Krishnaswami Bharati, Dr. C. D. Pande, Shri M. L. Dwivedi, Shri Satish Chandra, the hon. Shri R. R. Diwakar, the hon. Shri N. V. Gadgil, the hon. Dr. B. R. Ambedkar and the Mover, with instructions to report by the 17th September 1951."

Shri Rathnaswamy (Madras): I beg to move:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 10th October, 1951."

Shri Deshbandhu Gupta (Delhi): I beg to move:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 31st December, 1951."

Shri M. P. Mishra (Bihar): I beg to move.

"That the Bill be circulated for the purpose of eliciting opinion thereon by six months."

Dr. Ram Subhag Singh (Bihar): I beg to move:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 1st October, 1951".

Mr. Chairman: Amendments moved:

(1) "That the Bill be circulated for the purpose of eliciting opinion thereon by the 10th October, 1951".

(2) "That the Bill be circulated for the purpose of eliciting opinion thereon by the 31st December, 1951."

(3) "That the Bill be circulated for the purpose of eliciting opinion thereon by six months."

(4) "That the Bill be circulated for the purpose of eliciting opinion thereon by the 1st October, 1951."

Shri R. K. Chaudhuri: I have an amendment, notice of which I could not give earlier, because it suggests the deletion of certain names. I could not have done that before I knew the names.

Shri Sondhi: On a point of information. Mr. Mathura Prasad Mishra's name is on the Select Committee. He has moved a circulation motion—how is it consistent?

Mr. Chairman: The practice of the House is that though the hon. Member's name is included, if he wants to move that kind of amendment he can do so.

1 P.M.

Shri Sondhi: But it is a motion for circulation.

Mr. Chairman: As regards Mr. Rohini Kumar Chaudhuri's amendment I do not know, when the notice has not been received of any amendment, whether I should permit that kind of amendment. But I would like to make an exception in the case of Mr. Rohini Kumar Chaudhuri.

Shri R. K. Chaudhuri: Thank you, Madam. But I could not give notice because I did not know the names before.

Mr. Chairman: Generally, exceptions are made in the case of women, but now the exception is made in the case of the hon. Member!

Shri R. K. Chaudhuri: I beg to move:

"That in view of the fact that Members proposed for the Select Committees on Bills are not ordinarily allowed to speak on motions for reference to Select Committees, and in view of the fact that the following hon. Members have been included in several Select Committees and the House has been deprived of the opportunities of getting their valuable suggestions, and whereas on this important measure the House would like to hear these hon. Members at this stage, this House is of opinion that either their names should be excluded from the list given in the motion or alternatively the convention be relaxed and permission be granted to these hon. Members to speak: Pandit Thakur Das Bhargava, Shri R. K. Sidhva, Dr. Deshmukh, and lastly—Madam, if you will excuse me—Shrimati G. Durgabai."

Shri Rajagopalachari: Is this a resolution or an amendment?

Mr. Chairman: It is more a speech than an amendment. And even a copy of that last-minute amendment is not supplied to the Chair. Anyhow, the purpose of the Mover is served and I think I should not allow this. Now the debate will follow.

I would like to tell hon. Members that I need not necessarily call those hon. Members who have given notice of amendments. I think I should exercise my discretion in calling upon the Members who wish to speak on this matter.

Shri Rathnaswamy: On a point of order, Madam. Is it not at least the convention in the House that such of those Members who move an amendment that the Bill, which is to be discussed on the floor of the House, be circulated should be given an opportunity?

Mr. Chairman: Before that point is raised the position has been made clear by the Chair.

Sardar B. S. Man (Punjab): In the last session when the Constitution was amended, certain assurances were given and certain undertakings were made by the Government that certain repressive measures, out-moded laws, which had been revived because of the passing of that Bill would be met, and on the objections which had been raised at that time we were given an assurance that a very progressive measure would be brought before the House which would satisfy all the sections of the House as well as the Press outside. I regret that those hopes have been belied and the Government has indulged only in giving false hopes. In fact much of the labour which was involved has brought about new disappointments for us. I cannot understand this abundantly stubborn attitude of the Government not in any way responding to the public opinion. It might be taking credit in its strength and impressing upon the country outside that it is too strong and perhaps it is bolstering up its waning influence by these repressive measures but I certainly do not compliment it on its incorrigible attitude of not responding to any public opinion outside.

An Hon. Member: That is so.

Sardar B. S. Man: We, people who are living in such a suffocating atmosphere—the country is surcharged by section 144 everywhere and anybody is arrested on any slight pretext—find that our civil liberties are curtailed at every step. We are the people who find that whenever we rise to criticize

[Sardar B. S. Man]

the Government new impediments are being brought against the enjoyment of those rights. We are the people who had to look to the platform again and again for certain reliefs against our independence and against detention Acts without trials. Even the sacred rights contained in the Constitution have been amended and again and again this assurance is given to us—it was given at that time and it is given today— that the present Bill will just be a dead letter or that it will be just of a permissive nature and that it will be never used. But to our dismay, we know it is just a dangling sword hanging by a very slender thread and that it can fall any moment and without any pretext. It might be argued that on certain procedural matters we are being given greater relief and that under the 1931 Act even before the starting of a Press or a newspaper, certain securities could be demanded but that now it will not be demanded. But what relief is it? What consolation is it when the same security can be demanded now on flimsy grounds which have been defined in clause 3 as "objectional matter"? I will come to this later on.

I am not a Press magnate. I rist up for the Press because I consider that already my right of speech has been curtailed to such an extent that I consider that the Press and the criticism contained in the newspaper is the only last hope for democracy. Even otherwise I do not consider it will be complimentary for the fair working of democracy, because it is trying to have a weak and puppet Press in the country. I consider that for the popular rule or enlightened opinion of the country and for the fair working of democracy, it is highly essential we should have an independent, strong Press which can always rise to the occasion and can uphold causes which are opposed to the Government. I think that it will be in the interests of good Government itself that we should have a strong Press. If I appeal to the Members of this House it is because we lost the battle when the Constitution (First Amendment) Bill and the detention Acts were adopted and this is the last ditch of democracy where we should give a concerted battle and fight the very fascist tendencies which are quite apparent now.

The crux of the problem is, whether you demand security now or afterwards, my security can be very easily forfeited on certain flimsy grounds, and we have to find out what are the grounds on which I can be hauled up. We have to find out what is the objectionable matter from the viewpoint of the Government which can be said to be a matter of penal offence. In the first clause, I do not quarrel at all with the provision that wherever there is any preaching of murder or violence of any type, much less murder, Government should have power. They can deal with these cases very well under the ordinary penal law. If they want additional powers, they can ask for more powers under this Bill. But, one wording in this clause is: "to resort to violence or sabotage". The word "sabotage" is capable of different interpretations. If sabotage means only the violence and physical dislocation of a certain thing, I have no quarrel. But, if by ruthless criticism I spread disaffection against Government and that is considered as sabotage of Government in its various efforts, then, I plead that this word should not have that meaning behind it. However, I want to come to clause 3 (iii) which says:

> "incite or encourage any person to interfere with the administration of the law or with the maintenance of law and order or with the administration of laws regulating the supply and distribution of food or other essential commodities or services".

Permit me to say, these words are so sinister that I would request the Members and the Press outside not to touch this Bill with a pair of tongs. They are absolutely capable of sinister interpretations. Here is maintenance of law and order. Suppose for example, the police in the city of Delhi, out of exuberance or enthusiasm, promulgated a curfew order, and the newspapers begin to say that it was uncalled for. I think this could be very well construed by the Governmnet that it is interference with the enforcement of law and order. All right. I would even put up with that. Then, the Bill asks for more powers in regard to anything which will in any way interfere with the administration of laws regulating the supply and distribution of food or other essential commodities. As the actual experience of the country goes just now, I would forego my rights to criticise any of the departments of Government. But, if you ask me that I should stop criticising this wonderful Supply department of the Government, I refuse to do it. I challenge any person to say that so far as the Supply department is concerned, so far as the procurement of food is concerned, it is above board and there is no corruption and there

is no injustice. I should have the liberty to criticise the Supply department and of course, violently attack too, if it comes to that. Why should the Government ask that it should not be criticised about its activities as regards procurement? For example, a particular scheme of Government as regards procurement is very very vicious. The Press should be permitted to bring out the abuses therein. I should have that much right to set right those abuses otherwise being perpetrated. The distribution of cloth is there; distribution of cement is there. By a single phase, "supply and distribution of food or other essential commodities" it wants to escape the clutches and vigilance of the Press or the people there. I would not permit that and I would request the House not to allow the Government to do so. Because, under the cloak of very innocent phrases, it seeks powers and it seeks to cloak its activities which are absolutely inefficient otherwise.

Then, I come to clause (vi) which says: "tend to promote feelings of enmity or hatred between different classes of persons in India". I do not know, just as the law stands now, what exactly they mean by classes. If it were to mean the communities, if it were to mean that the Government wants to stop rancour and enmity between two communities, between Hindus and Muslims, between Sikhs and Muslims or Hindus, I do not object to that. Certainly this should be repressed and it should not be permitted. But, what is the meaning of 'classes'? After all, I am informed that many judges have held that the communist manifesto or even certain writings of Karl Marx might be interpreted as spreading disaffection between classes. I think, very easily, this word.....

Shri Kamath: I am sure my hon. friend will continue his vigorous speech for half an hour more.

Mr. Chairman: I was myself going to ask the hon. Member. Is the hon. Member likely to take some more time?

Sardar B. S. Man: I am coming to the main part of my argument just now. I am dealing with objectionable matter. It is only clause 3. I have yet to dispute the contentions of the hon. the Mover.....

Mr. Chairman: I only put a short question whether the hon. Member is likely to take some more time, because it is now 1-15.

Sardar B. S. Man: Of course, definitely more time.

Shri Kamath: With a view to enabling us to prepare for the discussion on this Bill next day, may I have a clear statement from the hon. the Home Minister that this item will be put down as the very first item in the list of business on Monday?

Shri Rajagopalachari: Yes, if it is in my power. I want it to be so done. But it is for the Speaker to decide. I want it to be the first item.

The House then adjourned till Half Past Eight of the Clock on Monday the 10th September, 1951.